

**SOLID WASTE RATE ANALYSIS  
CITY OF LYNCHBURG, VIRGINIA**

**MARCH 27, 2002**

Submitted by:

Reed, Stowe & Yanke, LLC  
5806 Mesa Drive, Suite 310  
Austin, Texas 78731  
(512) 450-0991

# TABLE OF CONTENTS

List of Tables .....	iii
Executive Summary .....	iv
Cost Analysis .....	iv
Benchmark Comparison Analysis.....	vi
Proposed Residential Fee Structure Issues .....	vi
Policy Issues.....	vii
Rate Related Recommendations .....	viii
Section 1: Project Background.....	1
1.1 Project Purpose .....	1
1.2 Overview of Solid Waste Services .....	1
Section 2: Cost Analysis .....	4
2.1 Annual Revenue.....	4
2.2 Allocation to Service Categories .....	5
2.3 Billing Units.....	5
2.4 Monthly Rates and Tipping Fees .....	7
2.5 Debt Service.....	9
2.6 Fund Balance .....	9
2.7 Schedules Summary.....	10
Section 3: Benchmark Comparison Analysis .....	12
3.1 Comprehensive Solid Waste Services Survey .....	12
3.2 Survey Results .....	12
3.3 Survey Findings .....	13
Section 4: Proposed Residential Fee Structure Issues .....	23
4.1 Review of the Current Fee Structure .....	23
4.2 Funding Options.....	24
4.3 Recommended Option: Convert to User Fee.....	25
4.4 Disadvantaged/Tax Relief.....	26
4.5 Consideration of a Variable Rate.....	27
4.6 Timing of When to Implement the User Fee .....	27
4.7 Transition Plan.....	28
4.8 Financial Impact of Conversion to Semi-Automated Collection.....	31
Section 5: Policy Issues .....	33
5.1 Reduce Illegal Dumping .....	33
5.2 Evaluation of Opportunities to Increase Waste Volumes .....	34
5.3 Billing Other City Departments .....	35
5.4 Process and Implications of Selling the City's Landfill .....	36

5.5 Evaluation of Material Accepted for Recycling .....	40
5.6 Consideration of Providing Semi-Automated Collection .....	40
5.7 Consideration of Request to Restrict Landfill Height.....	43
Section 6: Rate Related Recommendations .....	45
Recommendation No. 1: Rate Design.....	45
Recommendation No. 2: Timing of Rate Increases .....	46
Recommendation No. 3: Bi-annual Update of Study .....	46
Recommendation No. 4: Request Additional Reimbursement from the State for Brush Collection.....	46
Recommendation No. 5: Adopt an Ordinance Regarding Solid Waste Fees .....	47
Recommendation No. 6: Residents' Use of the Landfill .....	47

## Appendices:

### Appendix A: Financial Schedules

Schedule 1: Model Pro Forma
Schedule 2: FY 03 Revenue Requirement
Schedule 3: Revenue Requirement by Service Category
Schedule 4: Fee Allocation
Schedule 5: Disposal Tonnage Allocation
Schedule 6: Pro Forma
Schedule 7-A through 7-E: Detailed Pro Forma by Fiscal Year
Schedule 8: Residential Rates
Schedule 9: Disposal Costs

### Appendix B: Information Related to a Change to a Solid Waste User Fee

## LIST OF TABLES

Table ES-1: Revenue Requirement by Service Category for FY 03 .....	v
Table ES-2: Allocation of Service Categories to Fee Categories for FY 03 .....	v
Table 1-1: Solid Waste Disposal Categories .....	2
Table 2-1: Revenue Requirement Forecast.....	5
Table 2-2: Revenue Requirement by Service Category for FY 03 .....	5
Table 2-3: Allocation of Service Categories to Fee Categories for FY 03 .....	7
Table 2-4: Monthly Residential Fees through FY 08 .....	8
Table 2-5: Annual Per Ton Disposal Costs through FY 08 .....	8
Table 3-1: Demographic and Geographic Information.....	13
Table 3-2: Comparison of Residential Garbage Collection Services .....	15
Table 3-3: Comparison of Recycling Collection Services.....	16
Table 3-4: Comparison of Yard Waste and Brush Diversion Collection Services.....	17
Table 3-5: Comparison of Bulk Waste Collection Services .....	18
Table 3-6: Comparison of Special Waste, HHW and Other Services .....	19
Table 3-7: Comparison of Commercial Solid Waste Collection Services.....	20
Table 3-8: Comparison of Disposal Systems.....	21
Table 3-9: Comparison of Financial Issues .....	22
Table 4-1: Full and Discounted Fees Based on Providing Discounted Services .....	27
Table 5-1: Disposal Operations in Surrounding Counties .....	35
Table 5-2: Projected FY 03 Solid Waste Disposal Fees for City Departments .....	36

## EXECUTIVE SUMMARY

In December 2001, the City of Lynchburg (City) retained the services of Reed, Stowe & Yanke, LLC (RS&Y) to conduct a solid waste rate analysis for the Waste Management Division. The purpose of this study was to determine the cost of the City's solid waste programs, including residential refuse collection, recycling, brush/bulk collection, and landfill disposal costs, as well as the rates that are required to recover these costs. This study also discusses and analyzes various policy and planning issues related to the solid waste operations in Lynchburg. Section 1 includes a discussion of the solid waste services provided by the Waste Management Division.

### **Cost Analysis**

Section 2 describes the process, steps and analyses completed for this solid waste rate analysis. The cost analysis associated with this study required a systematic progression of steps. The ultimate goal of the cost analysis was to determine solid waste rates that accurately recover the costs of operating the Waste Management Division's programs.

The draft FY 03 Annual Budget was adjusted for known and measurable changes that were determined through the process of cost allocation to each service category. Using the FY 03 budget and assumptions developed with input from City staff, the Waste Management Division's annual revenue requirement for the next six years was forecast. Refer to Schedule 2 for the FY 03 revenue requirement and Schedule 6 for the pro forma revenue requirement.

The Waste Management Division provides various services to community. For this study, the services were functionalized into 13 service categories. The service categories, and the FY 03 annual cost for providing each service, are presented in Table ES-1.

The identification of the total costs associated with each service category was a critical step in determining an accurate rate that reflects the true costs of service. These costs were isolated by service category to ultimately recover the total revenue requirement by matching those customers that utilize the service with the actual costs associated with that service. A forecast of these costs for FY 03 through FY 08 is provided on Schedule 3.

The monthly rates and tipping fees were determined by allocating the costs for each service category to the six service fee categories. These fee categories include Residential, City, Tire Surcharge, municipal solid waste (MSW), Disposal, Sludge Disposal, and Industrial Disposal.<sup>1</sup> These six fee categories represent the different fees that will be assessed in order to recover the costs of operating the solid waste operations. Table ES-2 illustrates the final allocation.

---

<sup>1</sup> Definitions of various types of disposal options are included in "Table 1-1: Solid Waste Disposal Categories" on page 2.

**Table ES-1: Revenue Requirement by Service Category for FY 03**

<b>Service Category</b>	<b>FY 03 Revenue Requirement</b>
Refuse	\$ 1,039,072
Litter & Debris	\$ 173,153
City Parks	\$ 23,118
Recycling	\$ 324,670
Brush	\$ 82,586
Wood Processing	\$ 88,148
Bulk/White Goods	\$ 156,075
Household Hazardous Waste	\$ 33,060
Tires	\$ 12,254
Administration	\$ 49,431
MSW Disposal	\$ 2,710,029
Sludge Disposal	\$ 672,244
Industrial Disposal	\$ 822,760
<b>TOTAL</b>	<b>\$ 6,186,600</b>

**Table ES-2: Allocation of Service Categories to Fee Categories for FY 03**

<b>SERVICE CATEGORIES</b>	<b>FEE CATEGORIES</b>						
	<b>Residential</b>	<b>City</b>	<b>Tire Surcharge</b>	<b>MSW Disposal</b>	<b>Sludge Disposal</b>	<b>Industrial Disposal</b>	<b>TOTAL</b>
Refuse	\$ 1,047,441						\$ 1,047,441
Litter & Debris	\$ 174,547						\$ 174,547
City Parks		\$ 23,304					\$ 23,304
Recycling	\$ 327,285						\$ 327,285
Brush	\$ 83,252						\$ 83,252
Bulk/White Goods	\$ 157,332						\$ 157,332
HHW	\$ 33,326						\$ 33,326
Tires			\$ 12,353				\$ 12,353
MSW Disposal	\$596,187			\$ 2,224,527			\$ 2,820,715
Sludge Disposal					\$ 677,658		\$ 677,658
Industrial Disposal						\$ 829,387	\$ 829,387
<b>TOTAL</b>	<b>\$ 2,419,370</b>	<b>\$ 23,304</b>	<b>\$ 12,353</b>	<b>\$ 2,224,527</b>	<b>\$ 677,658</b>	<b>\$ 829,387</b>	<b>\$ 6,186,600</b>

## **Benchmark Comparison Analysis**

In Section 3, RS&Y conducted a comparison of several cities' solid waste utilities in the State of Virginia regarding multiple key solid waste issues. The purpose of this survey was to evaluate how levels of solid waste services and fees in other Virginia cities compare to the City of Lynchburg. Based on the results of this survey, RS&Y determined the following key findings related to the survey:

- Several of the cities included in the survey, Charlottesville, Danville, Richmond and Hampton, charge some type of user fee for residential solid waste services. Richmond, Danville and Hampton charge the fee directly on the city's utility bill.
- Compared to the user fees charged by the cities of Danville, Hampton and Richmond, the proposed fee of \$11.07 per month for the City of Lynchburg is reasonable. Danville's fee is \$13.80 per month; Hampton's fee is \$14.90 per month;<sup>2</sup> and Richmond's fee is \$10.00 per month.
- In addition, while not a part of the survey, private haulers serving residents in communities surrounding Lynchburg charge approximately \$14 per month.
- There is a trend for residential garbage collection services to be provided with a fully-automated and/or a semi-automated collection method. Only the cities of Lynchburg and Danville currently provide residential collection using a manual system.
- The cities are relatively evenly divided in the type of recycling services provided. Four of the cities provide curbside collection of recyclables, while the other three operate drop-off centers.
- For commercial collection services, several cities compete with private haulers for customers. The other cities rely on private haulers to provide commercial collection services.
- The City of Lynchburg is the only city that owns and operates a landfill. The other cities rely on another local government or have a contract with a private landfill. The per ton tipping fee for the City of Lynchburg is in the lower range of the tipping fees other cities are paying.

## **Proposed Residential Fee Structure Issues**

Section 4 includes discussion on conversion to a residential user fee, timing of when to implement the fee, and development of a transition plan. With the City considering a

---

<sup>2</sup> The City of Hampton bills residential customers the equivalent of \$10.83 per month, but also receives a contribution from the general fund equal to approximately \$4.07 per customer per month.

change in how it funds residential refuse collection services, RS&Y evaluated a number of issues related to this topic.

RS&Y reviewed the current fee structure in place for the City. With this current funding method, the Waste Management Division will generate approximately \$778,000 in FY 02 in revenue from the sale of decals and tags. Over this same period of time, there was a need for the General Fund to contribute approximately \$800,000 to the Waste Management Division. Should the City elect not to change how it funds its residential solid waste services, the City would need to continue using the General Fund to supplement refuse collection services in the future. As the City faces other demands and needs for monies from the General Fund, it will become increasingly more difficult for the City to continue providing financial support for the Waste Management Division.

One of the primary tasks of this solid waste rate analysis was to develop an equitable methodology for recovering the cost of providing solid waste services. The City has several options that it could consider for funding its residential refuse collection services in the future. RS&Y reviewed the following funding options for the City: direct user fees, monthly utility charges and general taxes.

For residential solid waste services, a user fee is typically regarded as the most equitable method to recover costs associated with providing services. With a user fee, all residential customers in the City would pay for their proportional costs of being provided with residential solid waste services. For the City of Lynchburg, it would be in the best interest of the City to convert from its current funding method to a more direct user fee. By implementing a user fee, the Waste Management Division would not need to rely on monies from the City's General Fund. The City should start charging the user fee in July 2003, which should allow sufficient time for the City to transition to a user based fee.

In the effort for the City to implement a residential user fee, it would be critical for the Waste Management Division to develop and implement a transition plan to allow for this change to occur as smoothly as possible. Section 4.3 focuses on efforts the City would need to address as a part of this transition plan.

For cities that charge a user fee, assessing a monthly utility fee for the provision of solid waste services is the most popular funding approach. This funding method provides the opportunity to secure a stable funding source that charges the direct users of the service. In Lynchburg, the City could charge for solid waste services through the existing water and sewer utility bill. This would be an effective way for the City to recover fees that it may otherwise have a difficult time collecting.

## **Policy Issues**

Section 5 includes discussion regarding a number of important policy issues that will affect solid waste rates, revenue, and operations for the Waste Management Division. Policy issues are discussed for several significant issues that have a financial impact on



the solid waste management fund. For each policy issue, RS&Y has provided suggested recommendations. Policy issues addressed in this section include:

- Reduce Illegal Dumping
- Evaluation of Opportunities to Increase Waste Volumes
- Billing Other City Departments
- Process and Implications of Selling the City's Landfill
- Evaluation of Material Accepted for Recycling
- Consideration of Providing Semi-Automated Collection
- Consideration of Request to Restrict Landfill Height

### **Rate Related Recommendations**

Section 6 includes discussion regarding a number of important recommendations that will affect solid waste rates and revenue for the Solid Waste Division. These recommendations are summarized in the following section.

#### **Recommendation No. 1: Rate Design**

- The City should implement a residential user fee beginning July 1, 2003 and charge the rate of \$11.07 per household per month. This rate would be in effect for at least two years.
- Separate disposal rates were developed for the categories of municipal solid waste, industrial waste and sludge.<sup>3</sup> Separate rates were developed due to variations in the manner in which these materials are handled at the landfill.
  - RS&Y recommends that the landfill disposal fee be implemented at \$35 per ton for municipal and industrial waste, based on the cost of providing service and the risk associated with operating the facility.
  - The City should not offer any volume discounts at the landfill to private haulers.
  - For sludge disposal, the City should implement a rate beginning July 1, 2002 of \$31.17 per ton.

#### **Recommendation No. 2: Timing of Rate Increases**

- The City should adopt the residential rate structure in Recommendation No. 1 and begin billing in July 2003.
- The City should adopt the rate structures for municipal, industrial and sludge disposal in Recommendation No. 1 and begin charging this new rate in July 2002.
- The City will need to monitor the need for future rate increases on a bi-annual basis.

---

<sup>3</sup> Refer to Section 1.2.2 on page 2 for definitions of these waste types.

### **Recommendation No. 3: Bi-annual Update of Study**

- RS&Y would recommend that the City update this report every two years.
- This recommendation is consistent with the City's policy of conducting a solid waste rate analysis once every two years.

### **Recommendation No. 4: Request Additional Reimbursement from the State for Brush Collection**

- The State of Virginia reimburses cities within the state for costs related to the collection of brush.
- The City should use information from this report as the basis for the amount that it uses for this reimbursement.
- Based on financial analyses completed for this study, the City could potentially recover an additional \$83,252 from the state for brush collection.

### **Recommendation No. 5: Adopt an Ordinance Regarding Solid Waste Fees**

- The City needs to have a method in place to ensure that all residential customers will pay for solid waste services.
- RS&Y recommends that the City adopt an ordinance that states that fees received in a water and sewer utility bill payment will first be applied to pay for each customer's solid waste services.

### **Recommendation No. 6: Residents' Use of the Landfill**

- The City should allow residents who will be paying the residential refuse collection user fee to use the landfill without charge. These residents should be limited to one trip per calendar month to dispose of up to 1,000 pounds of solid waste.
- Allowing these residents to dispose of up to 1,000 pounds of solid waste per month has been factored into the residential rate.

## **SECTION 1: PROJECT BACKGROUND**

### **1.1 Project Purpose**

In December 2001, the City of Lynchburg (City) retained the services of Reed, Stowe & Yanke, LLC (RS&Y) to conduct a solid waste rate study for the Waste Management Division. The purpose of this study was to determine the cost of the City's solid waste programs, including residential refuse collection, recycling, brush/bulk collection, and landfill disposal costs, as well as the rates that are required to recover these costs. This study also discusses and analyzes various policy and planning issues related to the solid waste operations in Lynchburg.

RS&Y has conducted this analysis based on information obtained from numerous sources including, but not limited to, the City's audited financials, budgets, bond prospectuses and interviews with City staff. Based on this information, RS&Y has developed a six-year solid waste rate forecast.

RS&Y has undertaken this study with the goal of ensuring the financial integrity of the City's solid waste management fund. In order to meet this goal, RS&Y needed to accomplish two critical tasks: 1) develop an accurate determination of the revenue requirement for solid waste services, and 2) develop an equitable methodology for recovering the cost of providing these services.

### **1.2 Overview of Solid Waste Services**

#### **1.2.1 Residential Collection**

The Waste Management Division of the Public Works Department performs various solid waste services for the citizens of the City of Lynchburg. Curbside trash collection is available one time per week to local residences and small businesses. Residential collection is provided by the Waste Management Division via rear-loader and side-loader vehicles. Side-loader vehicles have been purchased in anticipation of providing semi-automated collection. The City also maintains nine recycling drop-off centers located throughout Lynchburg. Recyclable items collected at the drop-off centers include mixed paper, newspaper, steel and aluminum cans, #1 and #2 plastics, and glass.

The residential refuse collection, disposal and recycling programs are partially funded through the City's tag/decal program. Decals can be purchased for \$40.00 per year at City Hall, or tags can be purchased individually at a cost of \$0.95 for each 32-gallon bag, or \$0.45 for each 13-gallon bag. Tags are sold at local grocery and convenience stores. The revenue from the tag/decal program is supplemented with monies from the City's General Fund in order to fully finance the residential refuse collection services.

Revenue generated from recyclables is used to plant trees around the city and has helped earn Lynchburg the designation “Tree City USA” by the National Arbor Day Foundation. Since 1981, more than 8,000 trees have been planted throughout the City from revenue generated by recycling.

The City also provides residential refuse collection services for brush and bulk household items. Waste Management Division employees collect branches and limbs on an on-call basis, but not stumps. The Streets Division collects leaves during the fall of the year. Bulk items include various objects that are too large to be bagged for trash collection, but small enough for two solid waste collectors to load into the disposal truck. Such items include furniture, appliances and televisions. Lynchburg residents must call the Citizens First Info Center to request a pickup. There are no additional fees for these services.

### 1.2.2 Landfill Operations

Lynchburg owns and operates its own landfill. The landfill is open Monday through Saturday from 7 a.m. to 4 p.m. except for certain holidays (New Year’s Day, July 4, Thanksgiving Day and Christmas Day). The City is currently in the process of the third phase of a landfill expansion, which extends the life expectancy of the landfill to 2013. Landfill operations include municipal solid waste disposal, household hazardous waste collection, wood waste processing and recycling, collection of white goods (appliances), scrap tire management, groundwater monitoring, and leachate management.

For the purpose of this rate analysis, RS&Y divided the types of solid waste disposed of in the landfill into three categories: municipal solid waste (MSW), sludge and industrial. Table 1-1 provides detail on these waste types.

**Table 1-1: Solid Waste Disposal Categories**

<b>Waste Type</b>	<b>Definition<sup>4</sup></b>	<b>Example Sources</b>
MSW	Normally composed of residential, commercial, and institutional solid waste	City collection vehicles, private haulers, residents
Sludge	Any solid, semi-solid or liquid waste generated from a municipal wastewater treatment plant	City Wastewater Treatment Plant
Industrial	Any solid waste generated by manufacturing or industrial process that is not a regulated hazardous waste	Rock-Tenn and Griffin Pipe

The current gate rate at the landfill is \$48.00 per ton. However, some private haulers have negotiated a temporary tipping fee of \$32.00 per ton with the City. Tires may be

<sup>4</sup> The source of these definitions is the Virginia Solid Waste Management Regulations (9 VAC 20-80-10 et seq. Solid Waste Management Regulations). Note, the definitions in Table 1-1 are paraphrases of the actual definitions.

brought to the landfill for a fee of \$1.00 per passenger car tire and \$3.00 for tires over 16 inches. Other services for residential solid waste management are free of charge. The City provides the opportunity for residents to dispose of up to 1,000 pounds of solid waste at the landfill for free one time per month. Wood waste can also be disposed of at the landfill for free when brought in as a part of a resident's one free monthly trip. The wood waste is ground into mulch, which is then used by the City for highway landscaping and for alternative daily cover on the landfill.

City residents can dispose of household hazardous waste for free at the landfill four times per year on designated days. Items accepted include acids / bases, aerosols, oxidizers, oil base paint, various automobile fluids, pesticides, batteries, photo chemicals, corrosives, pool chemicals, poisons, flammables, solvents, herbicides, and wood preservatives.

The original landfill, located directly adjacent to the current landfill, was closed in October 1993 with the placement of a soil cap and gas collection system. Because there has not historically been a market for the gas, the City has burned the methane produced by the landfill. However, Lynchburg will have the ability to sell the methane gas to a local industry by Spring 2002.

### **1.2.3 Public Programs and Education**

The Waste Management Division has various public education programs to encourage recycling activities, litter prevention, and general awareness of waste issues. The Waste Management Division has partnered with Perrymont Elementary School for two years to enhance recycling in the city. Since beginning its can recycling drive in 1998, Perrymont has earned over \$1,500 in revenue. This money was used for new playground equipment and other school items.

Lynchburg has a litter control program that includes an Adopt-A-Street program, a litter prevention mascot, and organized clean-up events. During the fall of 1998, the Waste Management Division held a contest to select Lynchburg's litter prevention mascot, entitled, "Junkyard Dog." The "Junkyard Dog" is featured in a variety of mediums, including billboards, newspaper advertisements, and television, to educate the community about environmental issues and litter prevention.

The City's Waste Management Division conducts annual "March on Litter" events in conjunction with Citizens for a Clean Lynchburg. The events encourage city residents to make a difference by cleaning up heavily littered areas. The City has conducted the clean-up events for three consecutive years, with March 9, 2002 marking the fourth year of the event.

## SECTION 2: COST ANALYSIS

The cost analysis associated with this study required a systematic progression of steps. The ultimate goal of the cost analysis was to determine solid waste rates that accurately recover the costs of operating the Waste Management Division's programs. The first step involved the identification of the solid waste expenses itemized in the City's financial reports.

The second step entailed the assignment and allocation of costs to the various service categories. These service categories were determined through a series of interviews and discussions with City staff. A total of 13 service categories were determined. The costs of operating the Waste Management Division were then allocated to the appropriate cost categories. The final step required the identification of the billing units associated with each customer class, such as residential, commercial, and industrial, resulting in cost of service based rates for the City's various customer classes.

### **2.1 Annual Revenue**

The FY 03 Annual Budget was adjusted for known and measurable changes that were determined during the process of allocating costs to each service category. The following adjustments and assumptions were made to develop a six-year revenue requirement, which would be reflective of a "normalized" year:

#### **Adjustments and Assumptions:**

1. Unless noted otherwise, operating expenses were inflated at 2% annually.
2. Salaries were inflated annually at 3%.
3. Health insurance was inflated annually at 15%.
4. Other benefits were inflated annually at 3%.
5. Other benefits were calculated at 30% of salaries.
6. Fleet Replacement was inflated annually at 5%.
7. Annual tonnage pro forma assumes no growth.
8. Pro Forma assumes zero population growth.

Using the FY 03 Budget and the assumptions listed above, the Waste Management Division's annual revenue requirement for the next six years was forecasted in Table 2-1. Refer to Schedule 2 for the FY 03 revenue requirement and Schedule 6 for the pro forma revenue requirement.

**Table 2-1: Revenue Requirement Forecast**

<b>Waste Management Division Revenue Requirement</b>					
<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
\$ 6,186,600	\$ 6,163,038	\$ 6,262,091	\$ 6,374,225	\$ 6,758,967	\$ 6,870,078

## **2.2 Allocation to Service Categories**

The Waste Management Division provides various services to the community. For the purpose of this study, the services were functionalized into 13 service categories. These service categories, and the FY 03 annual cost for providing each service, are presented in Table 2-2.

**Table 2-2: Revenue Requirement by Service Category for FY 03**

<b>Service Category</b>	<b>FY 03 Revenue Requirement</b>
Refuse	\$ 1,039,072
Litter & Debris	\$ 173,153
City Parks	\$ 23,118
Recycling	\$ 324,670
Brush	\$ 82,586
Wood Processing	\$ 88,148
Bulk/White Goods	\$ 156,075
Household Hazardous Waste	\$ 33,060
Tires	\$ 12,254
Administration	\$ 49,431
MSW Disposal	\$ 2,710,029
Sludge Disposal	\$ 672,244
Industrial Disposal	\$ 822,760
<b>TOTAL</b>	<b>\$ 6,186,600</b>

The identification of the total costs associated with each service category was a critical step in determining an accurate rate that reflects the true costs of service. These costs were isolated by service category to ultimately recover the total revenue requirement by matching those customers that utilize the service with the actual costs associated with that service. A forecast of these costs for FY 03 through FY 08 is provided on Schedule 3.

## **2.3 Billing Units**

In order to calculate the appropriate user fees, it was necessary to determine the proper number of annual billing units, which includes the number of households and tonnage.

These numbers were then used to determine the cost of service based user fees by dividing the revenue requirement by the appropriate billing units.

### **2.3.1 Residential Customers**

All residential customers have equal access to the same services provided by the City. Therefore, all costs are distributed evenly among the residential customers. The project team used the forecasted costs of providing the residential solid waste services and divided them evenly among the residential customers. Thus, the billing units are the number of residential accounts.

The project team estimated the number of residential billing units to be 18,500. This number was based on information provided by the Billings and Collection Division. The project team assumed a zero growth rate in the number of residential billing units for the six-year forecast. The City's population, according to the 2000 Census, is 65,269. In 1990, the population was 66,120, which represents a decrease in population of 851 people over the past ten years. Additionally, the City of Lynchburg does not have the ability to annex new land into the city limits, and therefore will have minimal, if any, additional new solid waste billing units (i.e. customers).

### **2.3.2 Disposal Tonnage**

For the reasons stated above, including a stable population and the City's inability to annex new lands for development, the anticipated amount of tonnage received at the landfill from commercial customers will not be increased for the purposes of the six-year forecast. In FY 01, the landfill accepted 155,418 tons of solid waste. Of this total, 24,112 tons was sludge, 29,914 was from industrial sources, and 101,393 was municipal solid waste, which includes both residential and commercial solid waste.

Of the 101,393 tons of municipal solid waste disposed at the landfill in FY 01, BFI, Waste Management of the Blue Ridge, and other private haulers accounted for 62,331 tons. This constituted approximately 40 percent of the total tonnage of waste disposed at the landfill in FY 01.

The number of billing units used to calculate the cost of disposal was determined using historical data as well as interviews with Waste Management Division staff regarding probable trends for disposal in Lynchburg. A conservative estimate of the number of billing units utilized for the purposes of the six-year forecast included a total of 135,889 tons per year. Included in this figure is 87,437 tons of municipal solid waste, including residential and commercial waste, 26,752 tons of waste from industrial sources, and 21,701 tons of sludge. Schedule 5 provides a breakdown of the tonnages disposed in the landfill as well as the cost per ton for disposal at the landfill.



## **2.4 Monthly Rates and Tipping Fees**

The monthly rates and tipping fees were determined by allocating the costs for each service category to the six service fee categories. These fee categories include Residential, City, Tire Surcharge, MSW Disposal, Sludge Disposal, and Industrial Disposal. These six fee categories represent the different fees that will be assessed in order to recover the costs of operating the solid waste operations.

### **2.4.1 Allocation of Service Categories**

The project team worked closely with the Waste Management Division staff to determine the most appropriate allocation of the 13 service categories into the fee categories. The fee categories represent the different types of fees that will be assessed on users of the solid waste facilities and programs in order to recover all costs of operation. Table 2-3 illustrates the final allocation.

**Table 2-3: Allocation of Service Categories to Fee Categories for FY 03**

SERVICE CATEGORIES	FEE CATEGORIES						
	Residential	City	Tire Surcharge	MSW Disposal	Sludge Disposal	Industrial Disposal	TOTAL
Refuse	\$ 1,047,441						\$ 1,047,441
Litter & Debris	\$ 174,547						\$ 174,547
City Parks		\$ 23,304					\$ 23,304
Recycling	\$ 327,285						\$ 327,285
Brush	\$ 83,252						\$ 83,252
Bulk/White Goods	\$ 157,332						\$ 157,332
HHW	\$ 33,326						\$ 33,326
Tires			\$ 12,353				\$ 12,353
MSW Disposal	\$596,187			\$ 2,224,527			\$ 2,820,715
Sludge Disposal					\$ 677,658		\$ 677,658
Industrial Disposal						\$ 829,387	\$ 829,387
<b>TOTAL</b>	<b>\$ 2,419,370</b>	<b>\$ 23,304</b>	<b>\$ 12,353</b>	<b>\$ 2,224,527</b>	<b>\$ 677,658</b>	<b>\$ 829,387</b>	<b>\$ 6,186,600</b>

The first step in the allocation methodology was to distribute Administration costs to each fee category, with the exception of wood processing. Wood processing was entirely allocated to the MSW Disposal fee category. A portion of MSW Disposal that includes costs associated with the disposal of residential waste was allocated to the Residential fee category. This allocation process is shown in Schedule 3.

In addition to a portion of the MSW Disposal costs, all of the costs associated with Refuse, Litter/Debris, Recycling, Brush, Bulk/White Goods, and Household Hazardous Waste operations were allocated to the Residential fee category. The City fee category included costs associated with the collection of waste in the city parks. The Tire Surcharge fee included only those costs associated with processing of tires at the landfill.

The Sludge Disposal fee category included only those costs associated with sludge disposal and the Industrial Disposal fee category included only those costs associated with industrial disposal.

## 2.4.2 Residential Fees

The City of Lynchburg currently utilizes a tag/decal to cover the **disposal** costs of residential refuse and recycling operations. The City's General Fund subsidizes the **collection** of residential refuse.

The cost of service methodology employed in this rate analysis will provide the City with a fee structure that fully recovers the costs of operating the residential refuse collection, disposal and related services. This methodology resulted in a flat service fee that will be recovered from all customers in the service area. Based on this cost of service study and the projection of 18,500 billing units, monthly residential user fees were determined. Table 2-4 displays these monthly fees for FY 03 through 08. These costs of service are itemized in Schedule 8.

**Table 2-4: Monthly Residential Fees through FY 08**

<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
\$ 10.90	\$ 10.81	\$ 11.07	\$ 11.41	\$ 11.92	\$ 12.28

RS&Y recommends that the City of Lynchburg implement residential solid waste rates that will be in effect for at least two years. In keeping with this objective, RS&Y recommends that the City charge the FY 05 rate of \$11.07, which will adequately recover costs for the next two years. A more detailed discussion of the conversion to a user fee is presented in Section 4.1 on page 23.

## 2.4.3 Disposal Tipping Fee

Disposal tipping fees are based on the cost of operating a landfill. In addition to the costs of operations, there are often policy considerations that may affect the ultimate tipping fee charged at a landfill. The information presented below is strictly a representation of the costs of operating the City of Lynchburg's landfill absent any additional policy considerations. These costs of service are itemized in Schedule 9.

**Table 2-5: Annual Per Ton Disposal Costs through FY 08**

<b>Fee Category</b>	<b>Fiscal Year</b>					
	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
MSW Disposal	\$ 32.26	\$ 32.22	\$ 32.57	\$ 32.89	\$ 35.20	\$ 35.47
Sludge Disposal	\$ 31.23	\$ 31.17	\$ 31.50	\$ 31.79	\$ 34.07	\$ 34.31
Industrial Disposal	\$ 31.00	\$ 30.94	\$ 31.26	\$ 31.54	\$ 33.82	\$ 34.05

The per ton disposal costs were determined using the projected annual costs allocated to the MSW Disposal, Sludge Disposal, and Industrial Disposal fee categories<sup>5</sup> and the anticipated billing units of 135,889 tons per year. Table 2-5 illustrates the annual per ton disposal costs for FY 03 through FY 08 and these costs are itemized in Schedule 9. The recommended tipping fee is discussed in detail in Section 6 in Recommendation No. 1.

#### **2.4.4 Other Fees**

Other fees will need to be assessed by the Waste Management Division in order to fully recover costs. These fees will include a tire surcharge and recovery of costs from other City departments. The costs of operations related to tire disposal are itemized in Schedule 9. The importance of billing other City departments for solid waste services is discussed in detail in Section 5.3 on page 35.

### **2.5 Debt Service**

RS&Y reviewed the annual debt service for each year in the study period and factored this amount into the costs associated with the solid waste operations. The City of Lynchburg has taken on debt related to the landfill operations and the construction of phase three of the landfill expansion. This debt was financed with general obligation bonds. It was determined that all of the debt associated with the Waste Management Division is specifically related to landfill operations. Therefore, the fee categories of MSW Disposal, Sludge Disposal, and Industrial Disposal account for the debt service requirements in their fee structure.

The City requires a debt coverage ratio of 1.20. The proposed budget for FY 03 included a debt coverage ratio of 1.01. The debt coverage ratio for this year does not meet the City's target due to the manner in which the costs for residential refuse services will be funded in FY 03. After implementing a residential user fee that recovers all costs for residential services, the debt cover ratio will increase from 1.01 to 1.67 in FY 04. The rates designed by RS&Y for FY 04 through FY 08 exceed the debt service coverage ratio requirement of 1.20. These figures are shown in Schedule 1.

### **2.6 Fund Balance**

The City of Lynchburg has implemented specific financial policies regarding the Solid Waste Management Operating Fund. For instance, City policy stipulates that the ending fund balance shall not be less than 25 percent, with a target balance of 40 percent, of the total fund appropriations. In recent years this target has been exceeded and the FY 03 budget included a fund balance ratio of 56 percent. The rates designed by RS&Y for FY 03 through FY 08 exceed the targeted fund balance ratio of 40 percent. These figures are shown in Schedule 1.

---

<sup>5</sup> Refer to Table 1-1: Solid Waste Disposal Categories on page 2 for further detail regarding these categories.

Funds that are in excess of this 40 percent may be considered for “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures, or funding for necessary reserves. City staff has determined that it is in the best interest of the Waste Management Division and the City as a whole to maintain as much of the fund balance as is feasible.

In anticipation of transitioning to semi-automated residential refuse collection in FY 04, the City has determined that some of the one-time costs related to this transition may be taken from the fund balance. Schedule 1 details these expenses, which includes the costs of purchasing the residential solid waste containers and the public information campaign regarding the transition to semi-automated collection.

In addition to these costs is the funding that will be required for the transition from the decals and tag system to the user fee. This transition funding is designed to pay for costs of the solid waste operations that are not recovered by tag sales in the transition period between the beginning of the fiscal year on July 1, 2002 and the implementation of the user fee on July 1, 2003.

## **2.7 Schedules Summary**

Detailed schedules of the rate analysis are presented in Appendix A. A summary of each schedule is presented below.

### **Schedule 1: Model Pro Forma**

- Summarizes pro forma revenues, expenses and fund balance.
- Includes one-time adjustments to the fund balance for items related to the semi-automated and user fee transition.
- Includes debt coverage ratio and fund balance ratio.

### **Schedule 2: FY 03 Revenue Requirement**

- Details revenue requirement for Waste Management Division broken out by refuse, landfill, recycling and brush operations for FY 03.

### **Schedule 3: Revenue Requirement by Service Category**

- Provides pro forma summarized costs for the 13 service categories.
- Illustrates allocation of wood processing and administration costs to other service categories.

### **Schedule 4: Fee Allocation**

- Details allocation of service categories to the six fee categories, including Residential, City, Tire Surcharge, and MSW, Sludge, and Industrial Disposal.
- Provides pro forma costs for each service category.

### **Schedule 5: Disposal Tonnage Allocation**

- Provides tonnage data accepted at landfill for FY 00 and FY 01.

- Details projected annual tonnage by customer for pro forma.
- Includes projected costs per customer.
- Details the cost per ton for disposal for MSW, Sludge and Industrial Disposal.

#### Schedule 6: Pro Forma

- Details revenue requirement broken down into Departmental, Non-Departmental, Debt Service, Transfers, Reserves, and Revenue Off-Sets.
- Provides pro forma revenue requirements.

#### Schedule 7: Pro Forma (By Year and Service Category)

- Schedule 7-A: FY 04 Pro Forma
- Schedule 7-B: FY 05 Pro Forma
- Schedule 7-C: FY 06 Pro Forma
- Schedule 7-D: FY 07 Pro Forma
- Schedule 7-E: FY 08 Pro Forma

#### Schedule 8: Residential Rates

- Provides pro forma residential rate.
- Includes annual cost of residential service and billing units.

#### Schedule 9: Disposal Costs

- Details pro forma costs of disposal for MSW, Sludge and Industrial Disposal operations.
- Includes tire surcharge per ton costs and per tire costs.

## SECTION 3: BENCHMARK COMPARISON ANALYSIS

RS&Y conducted a comparison of several cities' solid waste operations in the State of Virginia regarding multiple key solid waste issues. The purpose of this survey was to evaluate how levels of solid waste services and fees in other Virginia cities compare to the City of Lynchburg.

### **3.1 Comprehensive Solid Waste Services Survey**

Six cities in the State of Virginia were selected to be compared with the City of Lynchburg. These cities included the following:

- Charlottesville
- Danville
- Hampton
- Richmond
- Roanoke
- Salem

The comparison included questions in the following categories:

- Demographic and Geographic Information
- Residential Garbage Collection Services
- Recycling Collection Services
- Yard Waste and Brush Diversion Collection Services
- Bulk Collection Services
- Special Waste, Household Hazardous Waste and Other Services
- Commercial Solid Waste Collection Services
- Disposal Systems
- Financial Issues

### **3.2 Survey Results**

This section provides the results of the comparison of solid waste services among the selected cities. For each category, separate tables and discussion summaries have been provided. All tables (except for Table 3-1) are included at the end of this section.

**Table 3-1: Demographic and Geographic Information**

City	Population	Residential Customers
Charlottesville	43,000	14,000
Danville	48,411	17,655
Hampton	146,437	41,000
Lynchburg	65,269	18,500
Richmond	197,790	72,000
Roanoke	97,000	35,000
Salem	24,747	Not available

### **3.3 Survey Findings**

Based on the results of this survey, RS&Y determined the following key findings related to the survey:

- Several of the cities included in the survey, Charlottesville, Danville, Richmond and Hampton, charge some type of user fee for residential solid waste services. Richmond, Danville and Hampton charge the fee directly on the city's utility bill.
- Compared to the user fees charged by the cities of Danville, Hampton and Richmond, the proposed fee of \$11.07 per month for the City of Lynchburg is reasonable. Danville's fee is \$13.80 per month; Hampton's fee is \$14.90 per month;<sup>6</sup> and Richmond's fee is \$10.00 per month.
- Only the City of Charlottesville uses a private contractor for the collection of residential solid waste.
- There is a trend for residential garbage collection services to be provided with a fully-automated and/or a semi-automated collection method. Only the cities of Lynchburg and Danville currently provide residential collection using a manual system.
- The cities are relatively evenly divided in the type of recycling services provided. Four of the cities provide curbside collection of recyclables, while the other three operate drop-off centers.

---

<sup>6</sup> The City of Hampton bills residential customers the equivalent of \$10.83 per month, but also receives a contribution from the general fund equal to approximately \$4.07 per customer per month.

- For commercial collection services, several cities compete with private haulers for customers. The other cities rely on private haulers to provide commercial collection services.
- The City of Lynchburg is the only city that owns and operates a landfill. The other cities rely on another local government or solid waste agency, or have a contract with a private landfill.
- Several of the other cities use a transfer station to transport their solid waste to a landfill. This is one of the reasons why their disposal costs may be more expensive than disposal costs for the City of Lynchburg.

The RS&Y project team would like to note that these findings are based on the results of the survey, and have not included any detailed operational reviews of any of the solid waste operations that participated in the survey.



**Table 3-2: Comparison of Residential Garbage Collection Services**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>Provider</b>	BFI	City	City	City	City	City	City
<b>Collection Frequency</b>	Once per week	Once per week	Once per week	Once per week	Once per week	Once per week	Once per week
<b>Predominant Collection Limits</b>	12 32-gallon containers	None	90 gallons	None	90 gallons	96 gallons	90 gallons
<b>Collection Container</b>	Carts	Bags or barrels	Carts	Cans or bags	Carts	Carts	Carts
<b>Disposal Limits</b>	12 containers per week	None	Only allowed two carts <sup>7</sup>	None	Need to purchase 2 <sup>nd</sup> cart	Based on household size <sup>8</sup>	None
<b>Collection Point</b>	Curb	Backyard	Curb	Curb	Curb and alley	Curb and alley	Curb
<b>Average Stops per Route</b>	1,200	650	1,000	1,025	625	Auto: 1,000 Semi: 450 <sup>9</sup>	Not Available
<b>Hours per Day</b>	10	10	10	8	8	10	10
<b>Collection Method</b>	Semi-automated	Manual	Fully-automated <sup>10</sup>	Manual	Fully- and semi-automated	Fully- and semi-automated	Semi-automated

<sup>7</sup> Customers must pay for an extra cart, at a rate of \$2.50 per week.

<sup>8</sup> Households of less than six people can have one cart; households of six or more people can have two carts. Households can purchase additional carts.

<sup>9</sup> Semi-automated collection crews operate in alleys.

<sup>10</sup> Approximately 95% of routes are served by fully-automated collection service, while the remaining 5% are served by semi-automated collection service.

**Table 3-3: Comparison of Recycling Collection Services**

	Charlottesville	Danville	Hampton	Lynchburg	Richmond	Roanoke	Salem
<b>Provider</b>	BFI	City	City	City	Central Waste Management Association	City	City
<b>Collection Method</b>	Curbside	Drop-off centers	Curbside	Drop-off centers	Curbside	Curbside	Drop-off centers
<b>Diversion Rate</b>	25%	23%	31%	41%	Not available	40%	15-20%
<b>Diversion Rate Includes</b>	Curbside	Drop-off, yard waste	Curbside, commercial	Drop-off, commercial, white goods	Not available	Curbside, yard waste, commercial	Drop-off, commercial, white goods
<b>Collection Frequency</b>	Once per week	N/A	Once every other week	N/A	Once per week	Once every other week	N/A
<b>Route Size</b>	1,200	N/A	1,000	N/A	N/A	Not available	N/A
<b>No. of Drop-off Centers</b>	1	3	1	9	2	0	Not available
<b>Materials Collected for Recycling</b>							
<b>Cardboard</b>	√ <sup>11</sup>	√	√	√		√	√
<b>Plastics</b>	√ <sup>6</sup>	√	√	√	√	√	√
<b>Glass</b>	√	√	√	√	√	√	√
<b>Paper Items</b>	√	√	√	√	√	√	√
<b>Steel Cans</b>	√	√	√	√	√	√	√
<b>Aluminum</b>	√	√	√	√	√	√	√
<b>Other</b>	Fabrics, books					Chipboard	Commercial collection of cardboard

Note: N/A means “not applicable”

<sup>11</sup> Only at the drop-off center.

**Table 3-4: Comparison of Yard Waste and Brush Diversion Collection Services**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>Provider</b>	City	City	City	City	City	City	City
<b>Collection Offered</b>	No	Yes	Yes	Yes	No	Yes	Yes
<b>Collection Frequency</b>	N/A	Once per week	Once per week	On-call basis as requested	N/A	Every other week	During Fall only
<b>Materials Collected</b>	N/A	Yard waste and brush	Yard waste	Yard waste and brush	N/A	Yard waste and brush	Leaves
<b>Extra Charge for Collection</b>	N/A	No	No	No	N/A	No	No
<b>Drop-offs for Yard Waste</b>	No	No	Yes	One free trip per month at landfill	No	Yes	No
<b>Alternative Programs</b>	Collection of leaves from November – January and Christmas trees in January	Loose leaf vacuuming from October - January	N/A	Collection of leaves from October – December and Christmas trees in January	Loose leaf vacuuming from October - March	Collect Christmas trees	N/A

Note: N/A means “not applicable”

**Table 3-5: Comparison of Bulk Waste Collection Services**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>Provider</b>	City	City	City	City	City	City	City
<b>Collection Offered</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Collection Frequency</b>	As needed	Once per week	Once per week	As needed	As needed	Once per week	Once per week
<b>Collection Method</b>	Call-in	Route	Route	Call-in	Call-in	Route	Call in by refuse route
<b>Materials Collected</b>	White goods, large items brush	White goods, large items	White goods, large items	White goods, large items	White goods, large items	White goods, large items	White goods, large items brush
<b>Extra Charge for Collection</b>	No, but residents are limited to two annual collections	Only for collection of appliances containing CFCs	No	No	\$50 charge for refrigerators with CFCs	Developing a special fee for “eviction-related” collections	No
<b>Special Collection Service Offered</b>	Only for “unstickered” trash – charge a \$50 fee	None	Only for special events (e.g wedding, funeral)	None	Yes, \$100 charge for same day service	Yes, for physically challenged; will provide backdoor service	Yes, if requested one day ahead of time

**Table 3-6: Comparison of Special Waste, Household Hazardous Waste and Other Services**

	Charlottesville	Danville	Hampton	Lynchburg	Richmond	Roanoke	Salem
<b>Special Waste and Household Hazardous Waste</b>							
<b>Provider</b>	None	City	City	City	Various Private companies <sup>12</sup>	City	Clean Valley Council
<b>Collection Method</b>	N/A	Collect from individual residents	Drop-off center	Drop-off event at landfill	Collect from individual residents	Drop-off event	Drop-off event
<b>Frequency</b>	N/A	As needed	Open one day every other month	Four per year	As needed	Twice per year	Once per year
<b>Other Services</b>							
<b>Dead Animal Collection</b>	Collected by Street Department	Collected by Public Works Department	No	Yes	Collected by Animal Control	Collected by Street Department	No
<b>Code Enforcement</b>	Yes	Yes, for solid waste related matters only	None, not a significant issue	Yes	Yes	Yes	None, not a significant issue
<b>Illegal Dumping Abatement Program</b>	Yes	Yes	None, not a significant issue	Yes	Yes	Yes	None, not a significant issue
<b>Clean Up Program</b>	Yes	Yes	Provided by Parks and Recreation Department	Yes	Yes	Yes	None

Note: N/A means “not applicable”

<sup>12</sup> Residents can telephone several private collection companies to arrange for the collection of household hazardous waste. Individual residents are responsible for paying for any services they incur.

**Table 3-7: Comparison of Commercial Solid Waste Collection Services**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>Provider</b>	BFI	Private businesses	City and private businesses	Private businesses	Private businesses	City and private businesses	City and private businesses
<b>Franchise or Permit Fee</b>	None	None	None	None	None	None	None
<b>Dumpster Collection</b>	Yes	N/A	Yes	N/A	N/A	No	Yes
<b>Roll-off Collection</b>	Yes	N/A	Yes	N/A	N/A	No	No
<b>Other Collection</b>	N/A	N/A	None	N/A	N/A	Manual	None
<b>Who Collects SW for City Departments?</b>	BFI	Private businesses collect dumpsters; city will collect if department only needs trash carts	BFI	BFI	Solid waste department provides can-sized service; if dumpster is needed, must contract with private business	Waste Management	Solid Waste Department
<b>Who Pays for Collection?</b>	Each city department	Each city department pays for dumpster	Solid Waste Department	Each city department	Each city department	Solid Waste Department	City's general fund

Note: N/A means “not applicable”

**Table 3-8: Comparison of Disposal Systems**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>City or Other Landfill</b>	BFI – Zion Crossroad Transfer Station	Waste Management – Amelia County	City owns, operated by USA Waste	City	USA Waste	Roanoke Valley Resource Authority	Waste Management – Amelia County
<b>If Private, Length of Contract</b>	Not available	Not available	2012	N/A	Through 2006	N/A	20 years <sup>13</sup>
<b>Residential Tipping Fee</b>	\$42	Yes	Yes	1,000 lbs. free per month, then \$48 per ton	None	\$42 per ton	None
<b>Commercial Per Ton Tipping Fee</b>	\$42	\$41.20	\$27 for city; \$47 for non-city customers	\$48 gate, \$32 for contracts	\$30, includes transfer	\$55 per ton	\$34
<b>Transfer Station</b>	Yes	Yes	No	No	Yes	Yes	Yes
<b>Transfer Costs from Transfer Station to Landfill</b>	Not available	\$17.48 per ton	N/A	N/A	Not available	\$17.36	\$11 per ton
<b>Remaining Capacity</b>	Not available	15 years	25	12 years	N/A	90 years	30 years
<b>Landfill Operating Exemptions</b>	None	None	None	None	N/A	None	None
<b>Days of Operation</b>	Monday – Saturday	Monday – Saturday	N/A	Monday – Saturday	Monday – Saturday	Monday – Saturday	Monday - Friday
<b>Interest in a Regional Landfill</b>	Not available	Not available	Minimal	Some	Minimal	Already operating as regional	Minimal

Note: N/A means “not applicable”

<sup>13</sup> Salem is in the fifth year of an eight-year contract and the city has options for two eight-year extensions.

**Table 3-9: Comparison of Financial Issues**

	<b>Charlottesville</b>	<b>Danville</b>	<b>Hampton</b>	<b>Lynchburg</b>	<b>Richmond</b>	<b>Roanoke</b>	<b>Salem</b>
<b>Residential Fee</b>	\$32 per year <sup>14</sup>	\$13.80 per month	\$10.83 <sup>15</sup> per month	\$40 per year <sup>16</sup>	\$10 per month	None, general fund	None, general fund
<b>Rate in Effect Since</b>	July 1992	1998	July 2001	1999	1999	N/A	N/A
<b>Proposed Rate Change</b>	None	None	None	July 2003	None	N/A	N/A
<b>Enterprise Fund</b>	No	Yes	Yes	Yes	No	No	No
<b>How Paying for Rolling Stock</b>	Finance	Cash	Cash	Cash	Lease from Fleet Department	Lease purchase	Cash
<b>Required Reserve</b>	Information not available	None	None	25%	None	None	None
<b>Other Funding Sources</b>	General fund	None	General fund: \$2 million per year	None	None	None	General fund
<b>How Paying for Future Closure and Post-closure</b>	N/A	N/A	N/A	Annual contribution based on disposal	N/A	N/A	N/A

Note: N/A means “not applicable”

<sup>14</sup> Charlottesville residents can purchase annual stickers for \$32. Individual tags can be purchased for \$0.40 per 13-gallon bag/container or \$0.80 per 30-gallon bag container. Residential solid waste costs are also supplemented from the general fund.

<sup>15</sup> Hampton charges customers a weekly fee of \$2.50. A weekly fee of \$2.50 equals a monthly fee of \$10.83.

<sup>16</sup> Lynchburg residents can purchase annual decals for \$40. Individual tags can be purchased for \$0.45 per 13-gallon bag/container or \$0.95 per 30-gallon bag container. Residential solid waste costs are also supplemented from the general fund. RS&Y has recommended that Lynchburg implement a monthly user fee on July 1, 2003 (FY 04).



## **SECTION 4: PROPOSED RESIDENTIAL FEE STRUCTURE ISSUES**

With the City considering a change in how it funds residential refuse collection services, RS&Y evaluated a number of issues related to this topic. This section includes an evaluation of the current fee structure, a review funding options, a discussion on conversion to a user fee, timing of when to implement the fee and development of a transition plan.

### **4.1 Review of the Current Fee Structure**

The current method employed to fund residential solid waste services involves a combination of the tag/decal program and subsidy from the General Fund. With this current funding method, the Waste Management Division only generated approximately \$778,000 in FY 02 in revenue from the sale of decals and tags. Over this same period of time, there was a need for the General Fund to contribute approximately \$800,000 to the Waste Management Division.

Should the City elect not to change how it funds its residential solid waste services, the City would need to continue using the General Fund to supplement refuse collection services in the future. As the City faces other demands and needs for monies from the General Fund, it will become increasingly more difficult for the City to continue providing financial support for the Waste Management Division.

Based on the project team's analysis of the City's solid waste system, RS&Y identified the following problems related to the current method of funding residential solid waste services:

- While the City requires residential customers to purchase tags or decals, the Waste Management Division collects all solid waste set out by residents, regardless of whether they have a decal or tag. This results in inequities as some City residents are subsidizing others who do not purchase decals or tags.
- In cases where a resident does not have a tag or decal on a set out, refuse associates must take time to issue a citation. This can have a negative impact on overall collection efficiencies as citation writing reduces the amount of time that could be spent collecting litter along City streets. In addition, the Waste Management Division's administrative staff must allocate a portion of their time to take enforcement action against violators.
- Some residents avoid purchasing decals or tags by taking their solid waste directly to the City's landfill. Once again, residents who purchase the tags and decals are subsidizing these residents.

- A significant amount of illegal dumping has occurred in the City. Based on discussions with City staff and RS&Y's industry experience, there is a strong likelihood that a considerable amount of this dumping has occurred due to the current decal/tag system. Some residents are dumping their solid waste illegally in order to avoid having to purchase decals or tags. As a part of this solid waste rate analysis, RS&Y determined that the Waste Management Division spends approximately \$174,547 per year cleaning up litter and illegal dumping.
- The transfer to the Waste Management Division from the General Fund is regarded as a subsidy by credit rating firms (e.g. Standard and Poors or Moody's). Continuing to rely on the General Fund to supplement solid waste operations could have a negative impact on the City's credit rating.

## **4.2 Funding Options**

One of the primary tasks of this solid waste rate analysis was to develop an equitable methodology for recovering the cost of providing solid waste services. The City has several options that it could consider for funding its residential refuse collection services in the future. This section includes a discussion of these various options.

### **4.2.1 Direct User Fees**

The City currently assesses a direct user fee to recover a portion of its residential refuse collection services. Charging customers based on the level of service provided can be an equitable way to fund solid waste programs. Through this approach, customers will generally pay the service provider directly. Depending on how services are provided, this can occur in a number of ways. For a curbside collection program, customers may pay the service provider directly.

While this approach can be effective, it can also result in a limited number of customers using available services because participation is voluntary. Voluntary services can lead to some residents not using the services provided, possibly resulting in increases in illegal dumping. Other problems with a direct user fee are discussed in Section 4.1 on page 23. If the City would assess a direct user fee through the use of tags and decals that would fully recover the costs of providing residential refuse collection and disposal services, the City would need to charge \$132.84 per year for decals, \$1.30 for each 32-gallon tag, and \$0.65 for each 13-gallon tag for FY 04.

### **4.2.2 Monthly Utility Charges**

Across the United States, there has been a recent trend to charge a monthly utility fee for the provision of solid waste services. Charging for services in this manner is consistent with how fees are typically recovered for other utility services such as water, gas and electricity. This funding method provides the opportunity to secure a stable funding source that charges the direct users of the service. When solid waste fees are included as

a part of a monthly utility bill along with charges for water and/or electricity, customers are much more likely to pay for the services than in cases where only solid waste fees are charged. This is the case because service can be discontinued if customers do not pay for all services provided. In addition, cities can sue customers for failure to pay for services provided. Charging solid waste services through utility bills can be an effective way for an entity such as a city or county to recover fees that it may otherwise have a difficult time collecting. This option is discussed in further detail in Section 4.3.

#### **4.2.3 General Taxes**

Many communities in the country fund their solid waste operations through ad valorem, or property taxes. Recent trends identified by RS&Y have focused on funding solid waste management through direct funding methods, such as user fees or utility charges. Primary reasons for moving away from funding solid waste programs through taxes are that residents may never understand the true cost of solid waste services and may not have incentives to reduce the amount of waste generated.

One advantage of funding solid waste operations through property taxes is that the cost would be deductible from Federal income taxes in cases where a taxpayer itemizes deductions. The City has funded a portion of its residential refuse collection services through its property taxes as the City has historically provided funds to the Waste Management Division. If the City would fund residential refuse collection and disposal services entirely through property taxes, the City would need to generate a total of \$2,417,770 per year, which would require an increase in the assessed valuation from \$1.11 per \$100 valuation to \$1.20 per \$100 valuation.

#### **4.3 Recommended Option: Convert to User Fee**

For residential solid waste services, a user fee is typically regarded as the most equitable method to recover costs associated with providing services. With a user fee, all residential customers in the City would pay for their cost of being provided with residential solid waste services. For the City of Lynchburg there are several specific reasons why RS&Y would recommend that the City convert from its current funding method to a more direct user fee. By converting to a user fee, the City would be able to achieve the following advantages over the current residential solid waste funding method:

- Costs for providing residential solid waste services would be recovered in a more equitable manner as all residential customers would be required to pay for services.
- Because all residents would be required to pay for solid waste services, residents would not have an incentive to illegally dump their solid waste. This would improve aesthetics in the City and reduce the Waste Management Division's need to allocate resources to clean up litter and illegal dumping. For example, in the survey completed for this study, the cities of Danville and

Hampton reported having minimal illegal dumping in their cities, and attributed much of this to having a user fee.

- Costs for administering a billing system for a user fee should be less expensive than the current system of selling decals and tags.
- Relying on a user fee would eliminate the need for collection crews and supervisors to check whether set outs have a decal or tag. In addition, residents would not be required to purchase decals or tags.
- The collection system would be more efficient as refuse associates would not have to stop and write violation notices, supervisors would not have to respond to complaints and administrative staff would not have to go through the enforcement process.

#### **4.4 Disadvantaged/Tax Relief**

The City has historically provided decals to some residents in the City without charge. These residents have included people eligible under the criteria of “Tax Relief” and “Disadvantaged.” In 2001, approximately 2,500 residential customers in the City qualified for free service based on their eligibility for at least one of these two categories.

If the City would continue with its policy of providing solid waste services to these residents without charging them, it would require the City to recover this revenue from other residential customers. For example, the recommended residential fee of \$11.07 is based on a customer count of 18,500. If this customer count would be reduced by 2,500 to 16,000, the monthly user fee would increase to \$12.80.

Another reason not to provide a discount for either “Tax Relief” and “Disadvantaged” customers is that it would create a problem for the City’s utility billing system in terms of tracking those customers that should receive the discounted service. City staff estimated that it would cost the City approximately \$120,000 per year to administer a program that would allow the City to track people who would receive free or discounted service. Based on having 16,000 paying residential customers, this would increase the cost of providing residential solid waste services by approximately \$0.63 per month, which would result in a monthly residential cost of \$13.43.

User fees are typically assessed based on the level of service provided. In providing residential solid waste services, the level of service is primarily similar for all customers. As a result, the City should charge all residential customers the same rate. It has been our experience that very few cities offer discounted rates for solid waste service to customers that are economically disadvantaged.

However, if the City believes that it needs to offer some type of a discounted fee for “Tax Relief” and “Disadvantaged” customers, it could consider offering a reduced fee to these

customers. While RS&Y does not recommend offering a discount, it would be preferred over providing the service without charge. Table 4-1 indicates the rates that would need to be charged should the City offer either a 25 or 50 percent discount for “Tax Relief” and “Disadvantaged” customers.

**Table 4-1: Full and Discounted Fees Based on Providing Discounted Services**

<b>Discount Percentage</b>	<b>Full Fee</b>	<b>Discounted Fee</b>
25 percent	\$ 11.50	\$ 8.30
50 percent	\$ 11.93	\$ 5.54

#### **4.5 Consideration of a Variable Rate**

One of the issues that RS&Y was asked to address during this study was the possible implementation of variable rates. Variable rate structures are based on charging customers different rates based on the amount of solid waste set out for disposal.

To some extent, the City currently has a variable rate as residents can purchase a decal for a basic level of service with an option to purchase individual tags on an as needed basis to dispose of additional amounts of solid waste. The more common type of variable rate structure typically occurs in communities served with semi or fully-automated collection services. In these instances, residents can select a different size container with the cost of service increasing with larger containers.

One of the keys to developing a successful variable rate structure is ensuring that residents have a very convenient opportunity to recycle. Variable rates are intended to promote recycling by providing opportunities to reduce solid waste costs by disposing of less solid waste. While the City currently operates a successful drop-off recycling program, a large majority of communities with variable rates offer curbside recycling. Based on information provided by City staff, previous analyses of curbside recycling options indicated that offering this service would be cost prohibitive due to the costs of collection and lack of viable recycling markets.

While the City may not want to implement a variable rate where residents can select from one of three container sizes, the City may elect to implement a rate structure where residents can obtain an extra cart for an additional fee. If the City elects to provide customers with an extra cart, the City could charge an additional monthly fee for providing the additional collection. The City could require residents who continually place material outside of their cart to obtain a second cart.

#### **4.6 Timing of When to Implement the User Fee**

Should the City decide to implement a user fee, RS&Y would recommend that the City begin charging this fee on July 1, 2003. This should provide the City with sufficient time

to properly plan and implement a transition plan. For example, the City will need sufficient time to upgrade its utility billing system and to develop a public awareness campaign to inform residents about the change.

Prior to implementing a user fee, the City should continue selling decals and tags. When the City begins selling tags for the next year in October 2002, these tags should be priced so that residents only pay for nine months of service. This would mean that the City would sell each decal for \$30. When selling the tags, RS&Y would advise the City inform residents about the upcoming change in how they will pay for residential refuse collection services in the future. This could be accomplished by providing decal purchasers with a letter highlighting the changes that will be occurring. This letter could stress that in future years residents will not face the inconvenience of having to purchase decals or tags.

By implementing the new user fee in July 2003, the Waste Management Division will need to use reserve funds to account for any shortfalls that may occur over this timeframe. It is expected that the Waste Management Division will need to use approximately \$1,212,890 of reserve funds from July 1, 2002 through June 30, 2003.<sup>17</sup> However, after the implementation of the user fee, the Waste Management Division will not need to rely on reserve funds or General Fund transfers to fund residential solid waste services.

## **4.7 Transition Plan**

In the effort for the City to implement a residential user fee, it will be critical for the Waste Management Division to develop and implement a transition plan to allow to this change to occur as smoothly as possible. This transition will need to address a number of topics related to this change. For example, how should the City bill residents for the user fee and what will be the most effective approach to notifying residents about the change? To assist the City with this transition, RS&Y has identified and researched a number of important issues related to this change for the City.

### **4.7.1 Selecting an Efficient and Effective Billing Method**

For cities that charge a user fee, assessing a monthly utility fee for the provision of solid waste services is the most popular funding approach. This funding method provides the opportunity to secure a stable funding source that charges the direct users of the service. When solid waste fees are included as a part of a monthly utility bill along with charges for water and sewer, customers are much more likely to pay for the services than in cases where only solid waste fees are charged. This is the case because service can be discontinued if customers do not pay for all services provided.

---

<sup>17</sup> Of this amount, \$237,890 will be repaid to the fund balance during FY 04. This repayment is for a specific vehicle purchase related to the change to semi-automated collection.



In Lynchburg, the City could charge for solid waste services through the existing water and sewer utility bill. This would be an effective way for the City to recover fees that it may otherwise have a difficult time collecting. For example, by having the Billings and Collection Division bill for solid waste services, the City should expect that it will recover a high percentage of fees.

Based on discussions with the Billings and Collection Division staff, its billing system can allow for the solid waste user fee to be added to their bill. Billings and Collection Division staff provided RS&Y with cost estimates of the administrative costs associated with providing this service on an annual basis. These costs have been included in the rate analysis completed for this project. The costs that would be charged to the Waste Management Division are significantly less than the costs the Waste Management Division has historically incurred for expenses to administer its tag/decal system. For example, the Waste Management Division paid \$107,000 in FY 02 to administer the tag/decal system. Costs for charging solid waste fees on the City's utility bill are projected to be approximately \$34,000 annually.<sup>18</sup> These projected cost changes have been factored into the financial analyses of this study.

#### **4.7.2 Ensuring Payment for Services Provided**

In adding the fee for providing residential solid waste services to the City's water and sewer utility bill, there could be a problem if some residents attempted to only pay for the water and sewer charges on their bills. To avoid this potential problem, there are two options that the City could consider based on how other cities in Virginia are addressing this issue.

Like the City of Danville, the City could develop a City policy to require that payments from utility bills are first applied to the cost of providing solid waste services, then for water and sewer services. With such a policy in place, residents who do not pay their entire utility bill would effectively not be paying for their water and sewer services. In these cases, the City could consider suspending water and sewer services. This would likely provide a considerable incentive for customers to pay their entire utility bill. Based on conversations with solid waste staff in Danville, their City has not had any significant problems with residents not paying their entire utility bill. The City of Danville does not have a written policy on this matter.

Another option for the City is based on the system in place for the City of Newport News. In Newport News, the City bills its monthly solid waste fee through the City's water utility bill. However, Newport News does not have a policy similar to the one in place for the City of Danville. In cases where a residential customer does not pay the solid waste portion of the utility bill, the Solid Waste Division is responsible for recovering the delinquent fees.

---

<sup>18</sup> This figure does not include an amount of \$15,000, which would be paid in only the first year of implementation to pay for one-time computer programming costs.

To collect these fees, the Solid Waste Division follows a process of warning customers who owe the City at least \$50 that they will be sued in civil court if they fail to pay their owed fees within 30 days. If these customers do not pay the money owed to the City, the Solid Waste Division will file the case in court. After receiving a judgment in court, the Solid Waste Division will refer the matter to the City's Finance Department, which is responsible for collection.

While the Solid Waste Division is currently diligent in pursuing payment from delinquent customers, this has not always been the case. Prior to July 2001, when the City began its current collection effort, the amount of solid waste bad debt in the City was \$260,000. The amount of bad debt reached this level because previous efforts to collect from delinquent accounts were not as active as current efforts. Copies of the documents used in the process to collect over-due fees from Newport News customers have been included in Appendix B.

#### **4.7.3 Provide City Staff and Elected Officials with Information Regarding the Change**

Implementing a user fee for solid waste services will raise a number of questions from residents in the City. Residents will likely ask these questions to a wide range of people with the City, including, but not limited to, elected officials, the city manager and staff. To prepare these elected officials and staff for these potential questions, RS&Y has prepared a list of frequently asked questions and answers associated with the change to a user fee. These frequently asked questions and answers are included in Appendix B.

#### **4.7.4 Provide City Residential Customers with Information Regarding the Change**

Prior to implementing the change to a user fee, the City will need to inform residents about it. When selling new decals and tags for FY 03, the City should inform residents about the changes that will occur over the next year. Then, the City should begin distributing information for the public awareness campaign approximately three months prior to when the fee first appears on the City's utility bill. The following details steps that the City will need to take prior to assessing the fee:

- Include a notice in the City's utility bill explaining the change to the solid waste user fee. This notice should emphasize that the change does not represent an increase for water and sewer services. This notice should also include reasons why the City is changing to a user fee.
- Develop a public awareness campaign to inform residents about the change to a user fee. Potential ways to provide information to residents includes newspaper advertisements, use of the City's public access cable television station, having collection crews take notices to each residence in the City.



- Train staff in the Billing and Collection Division's billing area about how to answer questions that may occur after residents' receive their first several months of bills.

#### **4.8 Financial Impact of Conversion to Semi-Automated Collection**

The Waste Management Division is in the process of considering changing its residential collection system from manual collection to semi-automated collection. If completed, this change would have a financial impact for the solid waste management fund. This section details the projected costs associated with the change to a semi-automated collection system. These costs have been included in the financial analyses completed for this study.

Collection Vehicles: The Waste Management Division expects that it will need to purchase four new side-loading collection vehicles in FY 03.<sup>19</sup> These four vehicles are projected to cost approximately \$130,000 each. As of FY 03, funds have been included in the revenue requirement to replace collection vehicles on an on-going basis. By increasing the amount of funds for fleet replacement, the Waste Management Division should be able to purchase these new vehicles without needing to finance them.

While the Waste Management Division will not need to finance these vehicles, there will be a need to obtain a temporary loan from the Division's fund balance. This loan, which will be for approximately \$237,890, will be required so that the Waste Management Division will be able to purchase the vehicles prior to the start of FY 04. During the course of FY 04, the Waste Management Division will generate sufficient levels of revenue to repay this loan to the fund balance.

Initial Purchase of Containers: The Waste Management Division will need to purchase one container for each of its 18,500 residential customers. Costs for these containers typically range from \$40 to \$50 each. For purposes of this rate analysis, RS&Y has used the cost of \$50 per container in order to be fiscally conservative. This would require the Waste Management Division to spend \$925,000 in FY 03.

The City could consider purchasing these containers with monies in the fund balance. Purchasing these containers in this manner would be consistent with the City's policy regarding the reserve funds. This would decrease the projected fund balance from \$4,647,863 to \$3,722,863. If the City would decide to repay these funds to the fund balance, it would require annual payments of \$164,497 over a 10-year time period. This would result in an increase of \$0.74 per month for each residential customer for a period of 10 years.

---

<sup>19</sup> This assumes that the Waste Management Division moves forward with the conversion to semi-automated collection service.

Ongoing Purchase of Containers: In the future, the Waste Management Division will need to purchase some additional containers for cases where containers need to be replaced. RS&Y would recommend that the Waste Management Division plan to replace two percent of the containers per year. This cost would begin in FY 03 at an annual cost of \$18,500. This represents an additional monthly cost of approximately \$0.08 per month for each residential customer.

Public Relations Campaign: As a part of the transition to provide residential customers with collection services using semi-automated collection vehicles, there will be a need for the Waste Management Division to conduct an extensive public relations campaign. This campaign will need to focus on informing residents about why the change is being made and educating them about how they will need to set out their containers. Based on discussions with Waste Management Division staff, it is estimated that they will need to spend approximately \$50,000 for a public relations campaign. The City could consider funding this expense with monies from the reserve balance since it will be a one-time expense. If the City would decide to repay these funds to the fund balance, it would require annual payments of \$6,475 over a 10-year time period. This would result in an increase of about \$0.03 per month for each residential customer for a period of 10 years.

Overall Financial Impact: Based on the costs identified in this section of the study, the Waste Management Division will incur additional costs for providing residential refuse service through semi-automated collection based on the need to purchase carts and conduct a public awareness campaign.<sup>20</sup> On an **annualized** basis, RS&Y has estimated that in FY 03 the cost of providing semi-automated collection would be approximately \$0.85 more per month per residential customer than the cost of providing manual collection.

---

<sup>20</sup> Costs associated with purchasing new semi-automated collection vehicles have not been included in this discussion because the Waste Management Division will still need these vehicles if it would continue providing residential refuse services via manual collection.

## SECTION 5: POLICY ISSUES

This section includes discussion regarding a number of important policy issues that will affect solid waste rates, revenue and operations for the Waste Management Division. Policy issues are discussed for several significant issues that have a financial impact on the solid waste management fund. For each policy issue, RS&Y has provided suggested recommendations.

### **5.1 Reduce Illegal Dumping**

There has been a significant illegal dumping problem in the City for a number of years. The primary reason why illegal dumping is a significant problem is that a number of single-family residents and multi-family units (apartments) are not purchasing decals or tags.<sup>21</sup> In the case of single-family residents, several people have decided that they would prefer to illegally dispose of their garbage rather than purchase a tag or decal or bring their household trash to the landfill themselves. Some residents have disposed of their solid waste in the residential solid waste drop-off sites operated in surrounding counties, or at the Lynchburg landfill on the one day per month when it is permissible to dispose of up to 1,000 pounds of waste for free.

There are several multi-family units in the City that do not have commercial solid waste collection services. Currently, Lynchburg does not have an ordinance mandating that these services are provided to all multi-family dwellings. Without solid waste collection services, many of the residents in these units have also illegally dumped their garbage.

#### **Recommendations**

1. As discussed in Section 4, “Proposed Residential Fee Structure,” RS&Y has recommended that the City implement a user fee for residential solid waste services that would be paid through residents’ monthly utility bill. By requiring all residents to pay for solid waste services as a part of the utility bill, the City will be able to reduce residents’ incentive to illegally dispose of their garbage.
2. The City should require by ordinance that all commercial businesses and multi-family units in the City subscribe to refuse collection services. The ordinance should allow the City to “require proof of regular municipal solid waste collection services.”
3. The City should provide flexibility with regard to the type of containers that will be used for collection services in cases where some multi-family units lack sufficient space for a dumpster.

---

<sup>21</sup> This does not include residents who receive decals through the City’s “Tax Relief” and “Disadvantaged” programs, nor residents from the Pleasant Valley/Tyreeana Neighborhood.

4. In cases where a commercial business cannot obtain collection services from a private hauler due the unfeasibility of placing a dumpster on-site, the City could consider providing the service with its residential collection service. A number of other cities in the United States provide refuse collection services for multi-family units. Specifically, the Waste Management Division could consider the feasibility of providing refuse collection services for small (two to four unit complexes) multi-family units.<sup>22</sup>

## **5.2 Evaluation of Opportunities to Increase Waste Volumes**

In the solid waste industry, landfills can often operate in a more cost-effective manner when they can secure a stable flow of solid waste into their facility for a long period of time. While the City's landfill already accepts approximately 550 tons per day, the facility has capacity to process approximately 700 tons per day based on current permit requirements.

RS&Y researched how public and private sector solid waste haulers are disposing of their solid waste in the counties surrounding the City in an effort to determine the feasibility of the landfill accepting additional solid waste. The results of this research are presented in Table 5-1.

Amherst, Bedford and Campbell Counties all have made significant and capital intensive investments in their landfills. These facilities have between 30 and 75 years of remaining disposal capacity. With such disposal capacity, as well as debt-service that must be repaid, it is doubtful that any of these counties would have a significant interest in sending their solid waste to the City's landfill.

Appomattox County is currently considering how it will manage its disposal needs in the future. Appomattox County is determining whether to expand its current landfill or transfer its solid waste to another facility. Based on its annual disposal of 10,700 tons, Appomattox County disposes of approximately 34 tons per day. The City's landfill could accept this amount of solid waste without needing to increase any of its personnel or equipment.

In terms of opportunities to attract additional amounts of solid waste from private haulers in the region, their interest will likely be determined based on price. If the City offers a lower per ton fee for solid waste disposal, private haulers will have more interest in sending solid waste to the City's landfill. Based on interviews of solid waste staff from surrounding counties and the City, it appears that some private haulers are already sending solid waste from other counties to the City's landfill due to the City's lower tipping fee.

---

<sup>22</sup> The Waste Management Division would need to evaluate (1) whether residential collection routes would have sufficient capacity to handle additional stops and (2) the number of units to be billed (especially in cases where a unit only has one water meter since the Billings and Collection Division would need to bill for individual or equivalent number apartments).

**Table 5-1: Disposal Operations in Surrounding Counties**

County Name	Disposal Operations	Annual Tonnage	Permitted Capacity	Tip Fee	Comments and Findings
Amherst	County owns and operates	25,000	40 years	\$53 per ton	<ul style="list-style-type: none"> <li>Landfill only accepts solid waste generated in the County</li> <li>Could have interest in sending solid waste to Lynchburg's landfill, but might be economically infeasible due to capital costs from its existing landfill</li> </ul>
Appomattox	County owns and operates	10,700	4 years	\$50 per ton	<ul style="list-style-type: none"> <li>Considering an expansion that would provide another 30 years of capacity</li> <li>May have some interest in using Lynchburg's landfill instead of an expansion</li> </ul>
Bedford	County owns and operates	40,400	75 – 100 years	\$38 per ton	<ul style="list-style-type: none"> <li>Some solid waste collected by private haulers is disposed of in Lynchburg per County staff</li> <li>85% of waste stream is residential</li> <li>No significant interest in sending solid waste to Lynchburg's landfill</li> </ul>
Campbell	County owns and operates	51,900	30 years	\$45 per ton	<ul style="list-style-type: none"> <li>Landfill only accepts solid waste generated within the County</li> <li>No significant interest in using Lynchburg's landfill</li> </ul>

### **Recommendations**

1. The City could conduct or continue to conduct discussions with Appomattox County to determine whether they would have any serious interest in using the City's landfill in the future.
2. When the City implements future changes in its tipping fee, the City should monitor changes in the amount of solid waste coming from private haulers. Depending on the degree of the change, the City could consider future price changes based on the change in disposal activity.

### **5.3 Billing Other City Departments**

In developing the cost of service for the City to provide solid waste services, RS&Y included services provided to other City departments. In order for the Waste Management Division to develop rates based on the cost of service, the City needs to ensure that each department that disposes of solid waste pays for the cost of the service. If the City does not charge its departments for solid waste services provided, the Waste Management Division will run the risk of not recovering adequate revenue to ensure the financial integrity of the utility.

A summary of projected solid waste disposal fees for other City departments is presented in Table 5-2. These projections have been developed based on FY 02 disposal amounts. Future actual disposal costs may vary.

**Table 5-2: Projected FY 03 Solid Waste Disposal Fees for City Departments**

Department Name	Projected Annual Cost
Public Works/Utilities (for sludge)	\$ 677,658
Public Works/Utilities (for solid waste)	\$ 9,588
City Parks	\$ 23,304
Other City departments	\$ 119,105

### **Recommendation**

1. City departments/divisions that dispose of solid waste or sludge at the City's landfill should include landfill disposal costs in their annual budgets. These departments should project costs based on multiplying their projected tonnage for the year by the per ton disposal fee. Funds should be transferred to the Waste Management Division from each department during the year based on actual disposal amounts.

### **5.4 Process and Implications of Selling the City's Landfill**

One option that is always available to any city that owns and operates a landfill is to consider the feasibility of selling the landfill or entering into a public/private venture in which the facility continues to be owned by the City but operated by a private company. In order for the City to determine whether these are options worth considering, it is important to consider two important issues:

- If the City elects to sell or enter into a public/private venture with regard to the landfill, what are the positives and negative implications associated with such a transaction?
- What is the process by which the City would sell or enter into a public/private venture with regard to the landfill?

Listed below are RS&Y's comments and suggestions with regard to each of these issues. We would recommend that if the City considers such a transaction, that legal counsel and a financial/planning firm familiar with such transactions be retained. Negotiation with regard to such a valuable asset as a city-owned landfill need to be conducted in a most

careful and logical manner by individuals familiar with these transactions so as to ensure that the City receives the maximum value for this asset.<sup>23</sup>

#### **5.4.1 Process to Sell the City's Landfill or Enter into a Public/Private Venture**

There are several key steps, which must be followed by the City if it were to consider selling or entering into a public/private venture. The steps are listed below in a bullet format with “sub-bullets” under the main bullets, as necessary. A review of these basic steps shows that the process to consider the transfer of the outright asset or control of the asset is not a process to be taken lightly. Such a transaction may very well take anywhere from six to twelve months (or longer) depending on the complexity of the transaction and structure of the timetable. The key steps are as follows:

1. Do background check of why services are to be “bid”
  - What is the purpose for bidding services?<sup>24</sup>
  - Review the City's current landfill operations (operational and financial)<sup>25</sup>
  - The City's consultant and key City staff need to meet to develop a work plan
2. Identify specific services **and** level of services to be bid
  - Is only the Subtitle D landfill being considered, or are other services (brush chipping, citizen collection station, recycling center, etc.) being considered for potential privatization?
  - Is the gatehouse operation to be privatized?<sup>26</sup>
3. Identify Pre-Request for Proposal (RFP) Issues
  - Basis of award
  - Performance criteria
  - Qualifications criteria
  - Legal issues
4. Develop RFP
  - Clarify specific services asked for (critical)
  - Performance standards
  - Term of service

---

<sup>23</sup> A permitted Subtitle D landfill is a potentially incredibly valuable asset. This fact is recognized by the private operators. For instance, Waste Management, Inc. is actively pursuing the purchase or structuring of public/private ventures with regard to landfills and transfer stations currently owned and operated by local governments.

<sup>24</sup> Is the City concerned about potential liabilities, do elected officials believe that private entities could operate the landfill at a cheaper price, etc?

<sup>25</sup> What services are being provided (Subtitle D landfill, brush chipping, road aggregate crushing, citizen collection station, recycling center, etc.), are the operations “making money” or are they a cash drain on the City, etc.?

<sup>26</sup> Cities will oftentimes retain control of this item, even if the landfill is privatized.



- Structure of cost proposal (must address indirect costs)<sup>27</sup>
  - Evaluation criteria
  - Experience
  - Financial stability
  - Past/pending lawsuits
  - Insurance warranties, etc.
5. Pre-bidders meeting
    - Clarify scope of services
    - Answer questions from bidders
    - Issue any amendments to RFP (if necessary)
  6. Evaluate proposals
    - Utilize criteria established in Step 3
    - Compare City's cost of service versus private bids<sup>28</sup>
  7. Competitive negotiations/award
    - Cost issues
    - Service issues
  8. Performance monitoring
    - Weekly, monthly, and annual reporting
    - Customer service (City or private operator if privatized)
    - Clarify performance standards
    - Settlement of claims

#### **5.4.2 Positive and Negative Implications of Selling Landfill**

There are a number of issues that the City must carefully consider with regard to any potential sale of the City's landfill. These issues are listed below:

##### Loss of Control of the Landfill

A key concern from RS&Y's perspective is that once the City sells the landfill, the City will lose control of how quickly the landfill is filled by the private operator (unless specifically negotiated at the time of the sale of the landfill). If the private operator decides to operate the landfill as a regional landfill collecting waste from throughout Virginia, the City could find its source of disposal gone in just a few years. At that point, the City would need to explore other landfill disposal (and transfer) options, which could result in potentially significantly higher residential user fees.

<sup>27</sup> The City has indirect costs that the City will need to begin funding from other sources if the City's landfill is privatized. The bid must be "cheap" enough to compensate the City for having to absorb these costs.

<sup>28</sup> If the City is seriously considering the sale of the City's landfill we would **strongly** recommend that this study remain in a draft format so as to not become a public document until after the bid process is completed.



As a result, if the City were to seriously consider the sale of the City's landfill, RS&Y would recommend that the City negotiate terms and conditions (rate per ton, guaranteed ability to deposit City waste for "x" number of years, etc.) that would protect the City for a set period of time.

Another important issue related to the loss of control focuses on the residents who live in the neighborhoods surrounding the landfill. The City has made significant efforts in the past to mitigate the impact of landfill operations on the surrounding community. If the landfill were to be sold, the City would lose the direct control that it currently has regarding how landfill operations are conducted. A private company would not be as inclined to respond to complaints or concerns from residents surrounding the landfill.

#### Potentially Reduced Market Value

It is our understanding that the City has received a request from some City residents that the landfill not exceed a certain height. Any private operator considering purchasing the City's landfill would most likely balk at limiting the total amount of garbage at the landfill to something less than what is the permitted capacity. Based on discussions with City staff, it appears that this policy would reduce the potential value of the landfill by approximately 10 percent based on the amount of permitted air space that could not be used due to this policy. Based on current fill rates, this would reduce the life-span by approximately 15-18 months.

In addition, there are several additional reasons why this policy would impact the value of the landfill. A permit amendment would need to be made with the Virginia Department of Environmental Quality to submit a new closure plan. Expenses for debt service and closure/post-closure costs would increase on a per ton basis since less tonnage would be disposed of in the landfill.

#### Currently Recovering Closure and Post-Closure Care Costs

At present, the City is recovering and setting aside sufficient revenue to fund future closure and post-closure liabilities. If the City were to sell the landfill at this time, the City might be potentially liable for some of these closure costs without a funding source (i.e. the City landfill) to recover the costs associated with closure and post-closure.

#### Potential Liability

Even if the City were to sell the landfill to a private operator, the City would most likely retain some liability for any environmental problems that may occur at the landfill, even if they occurred after the City transferred ownership of the landfill to the private operator. Therefore, the City must strongly weigh the costs and benefits associated with selling the landfill to a private operator.

## **5.5 Evaluation of Material Accepted for Recycling**

While this study did not include a review of the Waste Management Division's recycling operations, RS&Y would like to discuss one specific issue that was identified during the course of the project. The Waste Management Division is currently incurring significant processing costs for the recycling of plastics. In addition, due to extensive contamination problems, there has been a need to landfill a significant percentage of recycling materials collected.

If the Waste Management Division continues to incur these high processing costs and disposal costs due to contamination, the City may need to consider in the future whether it would be in the City's best interest to continue accepting plastic for recycling. RS&Y would stress that it would be critical for the Waste Management Division to explore all other options prior to eliminating plastic from the materials accepted for recycling.

### **Recommendations**

1. The Waste Management Division should develop and implement a public awareness campaign to encourage residents to properly recycle materials. This campaign should stress the importance of reducing contamination.
2. The Waste Management Division should continue to monitor processing costs for plastics.

## **5.6 Consideration of Providing Semi-Automated Collection**

The Waste Management Division is currently considering changing the method used to collect residential garbage. Many cities throughout the country have recently evaluated whether their solid waste utility should change the manner in which solid waste is collected. These evaluations have focused on the feasibility of converting garbage collection operations from manual to semi-automated or fully-automated collection systems.<sup>29</sup> This section of the report provides a general discussion of the characteristics of manual and semi-automated collection methods, including their typical advantages and disadvantages. This section also includes specific discussion regarding converting to a semi-automated collection system in Lynchburg.

### **5.6.1 General Comparison Between Manual and Semi-Automated Collection**

With the Waste Management Division's current manual collection system, two-person crews collect bags and containers by hand from each household. With semi-automated collection, two-person crews use mechanical lifts to tip standard-sized garbage carts into

---

<sup>29</sup> With fully-automated collection systems, a one-person crew uses a mechanical arm to grab, lift and empty standard-sized carts into a vehicle's hopper.

a collection vehicle's hopper. A discussion of the advantages and disadvantages of manual and semi-automated collection systems follows.

#### Advantages of Manual Collection

- Decisions regarding set out volumes can be determined by city personnel and residents, instead of by cart size.
- Solid waste utilities can rely on collection methods that are well established and have been tested over time.
- Vehicle and maintenance costs for rear-loader collection vehicles are generally less expensive than for semi-automated or fully-automated collection vehicles.
- Physical conditions, such as street layout, topography, trees and on street parking do not significantly impact collection operations.

#### Disadvantages of Manual Collection

- Collection personnel, not equipment, lift and place garbage into the collection vehicles. Any related injuries may result in higher workers' compensation claims.<sup>30</sup>
- The lack of container standardization can pose potentially dangerous situations involving direct contact with set outs.
- The workforce must be specifically capable of performing physically demanding work on a daily basis, which may limit the potential pool of employees.
- Solid waste operations may have a difficult time with employee turnover due to the physical requirements of the position.

#### Advantages of Semi-automated

- Crews use a mechanical tipper to place garbage, which is in carts, into the hopper of the collection vehicle. This can reduce the potential for injuries.
- Improved collection efficiencies may result due to container standardization and the reduced time needed to empty the carts.
- Customers are not required to use their own containers, as the solid waste utility will provide all customers with carts.
- Set outs are more uniform and aesthetically pleasing because of standardized carts.

---

<sup>30</sup> In the case of the City of Lynchburg, the Waste Management Division has historically experienced high numbers of injuries. The Waste Management Division was required to obtain its own workers' compensation insurance policy, which was separate from the City's policy.

### Disadvantages of Semi-automated

- Carts, which can cost approximately \$50 each, must be purchased.
- Carts need to be rolled out to the street, which can be difficult in neighborhoods where residents lack paved access to the street.
- Set out volumes are typically limited to the size of the cart in use.
- Collection personnel must position carts into place to be lifted by the mechanical tipper. Any related injuries may result in higher workers' compensation claims.
- Carts may need to be placed at the curb for an entire day due to the amount of time needed to complete a collection route.

### **5.6.2 Consideration of Semi-Automated Collection in Lynchburg**

Over the last several years the Waste Management Division has encountered a number of problems related to its manual collection system. For example, the Waste Management Division, even after providing raises to refuse associates, has encountered problems with employee turnover. Based on discussions with City staff, one of the primary reasons for this high turnover rate was the physical nature of the Waste Management Division's manual collection system. Other problems cited by Waste Management Division staff related to the manual collection system include increased workers' compensation costs and other related liabilities.

While RS&Y has not evaluated the feasibility of the Waste Management Division converting its collection system from manual to semi-automated, we can state that there is a significant national trend for cities to convert their collection systems from manual to semi or fully-automated. In many cases, other cities have changed their systems for reasons similar to the ones addressed by Waste Management Division staff in Lynchburg.

RS&Y would emphasize that by converting to a semi-automated collection system, the Waste Management Division would not decrease its operating costs. However, even with the additional costs of providing refuse collection services using a semi-automated collection system, projected residential refuse collection services would still be reasonable compared to rates in place for other cities in Virginia as well as throughout the United States.

Semi-automated collection can provide opportunities to reduce personnel injuries and increase collection efficiencies. However, these benefits would not be realized unless the City ensures that all material set out for collection is contained within the standardized carts. When converting from manual to semi-automated collection, a number of other cities in the United States have experienced problems of residents failing to place all waste within the standardized carts. To address this issue, RS&Y recommends the following steps:

- As a part of the public awareness campaign for the transition to semi-automated collection, the Waste Management Division will need to stress the importance of placing all material set out for collection within the carts provided by the City.
- Within the first 60 days of the conversion to semi-automated, if residents are not in compliance with these procedures, the Waste Management Division should provide notice of the correct method for set outs.
- After the first 60 days, the Waste Management Division should either 1) pick up the waste and charge an additional fee for the service, or 2) do not collect waste that is not contained within the standardized carts.<sup>31</sup>
- The Waste Management Division should offer residents the option to use an additional standardized cart for an additional monthly fee. Additionally, the City could require residents who continually place material outside of their cart to obtain a second cart.<sup>32</sup>

### **5.7 Consideration of Request to Restrict Landfill Height**

It is our understanding that the City has received a request from some City residents that the landfill not exceed a certain height. Based on discussions with City staff, it appears that this policy would reduce the capacity of the landfill by approximately 10 percent based on the amount of permitted air space that could not be used. Based on current fill rates, this would reduce the life-span by about 15-18 months.

This policy would also increase the landfill's operating costs. A permit amendment would need to be made with the Virginia Department of Environmental Quality to submit a new closure plan. Expenses for debt service and closure/post-closure costs would increase on a per ton basis as less tonnage would be disposed of in the landfill.

The financial impact to the City would be significant; however, it would be difficult to quantify the amount of this impact over the long-term (10 years). Most of the additional cost would be based on how much more expensive it would be for the City and other users of the landfill to use another landfill during the 15-18 month time period that they would have previously been able to use the City of Lynchburg's landfill.

From a short-term perspective (next one to five years), the Waste Management Division would need to recover fixed costs for debt service and closure/post closure costs over a shorter period of time. RS&Y has estimated that the Waste Management Division would

<sup>31</sup> This is a policy decision to be determined by the City of Lynchburg.

<sup>32</sup> The amount charged for a second cart is typically a policy decision and not necessarily based on the cost of providing the service. For providing an extra cart, RS&Y would recommend that the City charge between 25 and 50 percent of the monthly residential refuse fee. Based on a monthly proposed fee of \$11.07, the cost for an extra cart would range from \$2.77 to \$5.54 per month. These fees would be comparable to similar fees charged by other cities in the United States.

need to allocate approximately 10 percent more toward its annual debt service and closure/post closure costs. This would increase overall disposal costs by approximately three percent. To be more fiscally conservative, RS&Y would recommend that the Waste Management Division increase rates by five percent should the City implement a policy of restricting the landfill height. RS&Y would like to emphasize that this cost analysis does not account for the future costs that the Waste Management Division would include for higher disposal costs after the City's facility would close. **From a financial perspective, it would not be in the best interest of the City to restrict the height of the landfill.**

## SECTION 6: RATE RELATED RECOMMENDATIONS

This section includes discussion regarding a number of important recommendations that will affect solid waste rates and revenue for the Solid Waste Division.

### **Recommendation No. 1: Rate Design**

RS&Y recommends that the City implement rate increases for each of the customer classes addressed in this study. These customer classes include residential, solid waste disposal, sludge disposal, industrial disposal and tire surcharge. For residential services, RS&Y recommends that the City implement the rate for FY 05, which is \$11.07 per customer per month. The implementation of a user fee for residential solid waste is needed to ensure that the City maintains the financial integrity of its solid waste management fund. The six-year forecast of residential rates is discussed in Schedule 8: Residential Rates.

Separate disposal rates were developed for the categories of municipal solid waste, industrial waste and sludge.<sup>33</sup> Separate rates were developed due to variations in the manner in which these materials are handled at the landfill. The City should charge a per ton tipping fee that is primarily based on the cost of service calculated in this solid waste rate analysis.

In addition, it would be reasonable for the City to charge a rate higher than the cost of service due to the risk the City assumes in operating its landfill. These risks include maintaining the personnel, equipment and landfill capacity to provide adequate solid waste disposal services to the area without having a guaranteed constant and reliable stream of solid waste entering the landfill. Based on the tipping fees at other landfills in the area, RS&Y recommends that the City's tipping fee be set at \$35.00 per ton for municipal solid waste and industrial waste.

The City should not offer any volume discounts to private haulers. While some of the private haulers may state that they should receive a volume discount, the City should stress the fact that solid waste disposal operations are largely a fixed-cost business. This means that it costs the City the same amount to dispose of large or small volumes of solid waste on a per ton basis. In addition, the City actually has more risk in serving large volume customers due to the additional personnel and equipment needed to provide this additional level of service.

For sludge disposal, RS&Y recommends that the City implement the rate for FY 04, which is \$31.17 per ton. For the tire surcharge, RS&Y recommends that the City implement a rate of \$2.00 per passenger car tire and \$4.00 for tires over 16 inches.

---

<sup>33</sup> Refer to Section 1.2.2 on page 2 for definitions of these waste types.

## **Recommendation No. 2: Timing of Rate Increases**

The City will need to review Schedules 8 and 9 to determine when the residential and disposal rate increases will need to be implemented during the next six years. RS&Y recommends that the City adopt the residential rate structure in Recommendation No. 1 and begin billing in July 2003 (refer to Section 4.6 on page 27 for further detail in the timing). The City should adopt the rate structures for municipal, industrial and sludge disposal in Recommendation No. 1 and begin charging this new rate in July 2002. The City will need to monitor the need for future rate increases on a bi-annual basis.

## **Recommendation No. 3: Bi-annual Update of Study**

This study is a six-year forecast of the City's projected solid waste rates. The City is operating its utility in a very dynamic environment. We would recommend that the City update this report every two years. Conducting a rate analysis every two years will allow the City to factor in changes such as:

- Changes in inflation rates
- Possible changes in disposal costs, depending on how much solid waste is disposed in the facility on an annual basis
- Possible changes in how the Waste Management Division provides residential refuse collection services

This recommendation is consistent with the City's policy of conducting a solid waste rate analysis once every two years.

## **Recommendation No. 4: Request Additional Reimbursement from the State for Brush Collection**

The State of Virginia reimburses cities within the state for costs related to the collection of brush. The source of these reimbursement funds is the State's Highway Maintenance Program, which is funded through fuel taxes. For FY 02, the amount reimbursed to the City from the state was \$191,039. Based on the cost allocations determined through this solid waste rate analysis, the cost for the Waste Management Division to provide brush collection services in the City is projected to be \$274,291 for FY 03.<sup>34</sup> The City should use this analysis as the basis for the amount that it uses for this reimbursement. The City could potentially recover an additional \$83,252 from the state for brush collection.

RS&Y would like to emphasize that these amounts only include costs specifically associated with brush collection services. While Waste Management Division

---

<sup>34</sup> The amount of \$274,291 is the gross cost for the Waste Management Division to provide brush collection services. The amount of \$83,252 (located on Schedule 3) is the net cost, factoring in the \$191,039 reimbursement from the State of Virginia.



administration costs are included in these costs, they are based on a pro rate determination of the time and resources allocated to brush collection services. For example, the total amount of administrative costs to be allocated for brush collection in FY 03 is \$665.

#### **Recommendation No. 5: Adopt an Ordinance Regarding Solid Waste Fees**

As discussed in Section 4.7.2 on page 29, the City needs to have a method in place to ensure that residential customers will pay for solid waste services. RS&Y recommends that the City adopt an ordinance that states that fees received in a utility bill payment will first be applied to pay for each customer's solid waste services. The City could also consider applying a lien against properties where property owners fail to pay for utility services. When developing this ordinance, the City should obtain specific legal counsel to ensure that the ordinance is developed in accordance with applicable laws.

#### **Recommendation No. 6: Residents' Use of the Landfill**

The City should allow residents who will be paying the residential refuse collection user fee to use the landfill without charge. These residents should be limited to one trip per calendar month to dispose of up to 1,000 pounds of solid waste. Allowing these residents to dispose of up to 1,000 pounds of solid waste per month has been factored into the residential rate. To ensure that only customers who are paying for residential solid waste services can use the landfill without charge, the Waste Management Division could require that they provide a copy of their water/sewer bill when taking solid waste to the landfill.

However, the City should not allow any person that is not paying a residential solid waste bill to dispose of solid waste without charge. By requiring these persons to pay for their use of the landfill, the City will be able to ensure that it recovers costs associated with providing services to them.

# Appendix A

City of Lynchburg  
Solid Waste Rate Analysis

SCHEDULE 1: MODEL PRO FORMA

WASTE MANAGEMENT DIVISION FUND SUMMARY	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
<b>BEGINNING FUNDS</b>	\$ 5,556,704	\$ 3,434,973	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863
Encumbrances and Carryforwards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL FUNDS AVAILABLE</b>	\$ 5,556,704	\$ 3,434,973	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863
<b>REVENUES</b>						
Charges for Services	\$ 4,140,691	\$ 5,758,319	\$ 5,857,187	\$ 5,969,130	\$ 6,353,675	\$ 6,454,583
General Fund Transfer (1)	\$ 732,529	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039
Interest & Other	\$ 213,500	\$ 213,680	\$ 213,865	\$ 214,056	\$ 214,253	\$ 224,456
Transfer from Equipment Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 5,277,759	\$ 6,163,038	\$ 6,262,091	\$ 6,374,225	\$ 6,758,967	\$ 6,870,078
<b>EXPENSES</b>						
Operating -Departmental	\$ 3,039,737	\$ 3,082,785	\$ 3,178,904	\$ 3,277,927	\$ 3,379,953	\$ 3,475,081
Operating-Non-Departmental	\$ 790,429	\$ 770,946	\$ 778,362	\$ 801,976	\$ 827,270	\$ 854,457
Debt Service	\$ 1,433,161	\$ 1,384,211	\$ 1,338,810	\$ 1,289,596	\$ 1,506,178	\$ 1,452,363
Transfer to Closure Reserve	\$ 379,033	\$ 355,470	\$ 369,732	\$ 380,454	\$ 391,905	\$ 403,659
Transfer to Heavy Equipment & Repair	\$ 507,740	\$ 533,127	\$ 559,783	\$ 587,772	\$ 617,161	\$ 648,019
Transfer to Various Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Transfer	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500
Reserve for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances and Carryforwards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENSES</b>	\$ 6,186,600	\$ 6,163,038	\$ 6,262,091	\$ 6,374,225	\$ 6,758,967	\$ 6,870,078
<b>ENDING BALANCE</b>	\$ 4,647,863	\$ 3,434,973	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863
<b>FUND BALANCE ADJUSTMENTS</b>						
Residential Solid Waste Containers	\$ 925,000	\$ -	\$ -	\$ -	\$ -	\$ -
Public Information Campaign	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Purchases	\$ 237,890	\$ (237,890)	\$ -	\$ -	\$ -	\$ -
<b>ADJUSTED ENDING BALANCE</b>	\$ 3,434,973	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863	\$ 3,672,863
<b>Key Financial Ratios:</b>						
Debt Coverage Ratio Target	1.20	1.20	1.20	1.20	1.20	1.20
Debt Coverage Ratio	1.01	1.67	1.72	1.78	1.69	1.75
Fund Balance Ratio Target	40%	40%	40%	40%	40%	40%
Fund Balance Ratio	75%	56%	59%	58%	54%	53%
<b>Adjusted Key Financial Ratios:</b>						
Fund Balance Ratio Target	40%	40%	40%	40%	40%	40%
Fund Balance Ratio	56%	60%	59%	58%	54%	53%

(1) The \$23,304 for collection services in City parks is included as a direct payment from the Parks Department in "Charges for Services" line item.

**City of Lynchburg**  
**Solid Waste Rate Analysis**

**SCHEDULE 2: FY 03 REVENUE REQUIREMENT**

BUDGET CATEGORIES	FY 03 PROPOSED BUDGET	ADJUSTMENTS	REVENUE REQUIREMENTS
<b>REFUSE COLLECTION</b>			
Personnel Services	\$ 367,067	\$ 49,518	\$ 416,585
Employee Benefits	\$ 118,845	\$ 6,395	\$ 125,240
Supplies & Materials	\$ 17,440	\$ -	\$ 17,440
Gas/Diesel Fuel	\$ 25,250	\$ -	\$ 25,250
Internal Services Charges	\$ 9,564	\$ -	\$ 9,564
Equipment Replacement/Additions	\$ 119,096	\$ 163,814	\$ 282,910
Rental & Leases	\$ -	\$ -	\$ -
Utilities	\$ 6,100	\$ -	\$ 6,100
Insurance	\$ 19,300	\$ -	\$ 19,300
Buildings & Grounds Maintenance	\$ 700	\$ -	\$ 700
Contractual Services	\$ 148,225	\$ (47,802)	\$ 100,423
Training & Meetings	\$ 500	\$ -	\$ 500
Miscellaneous Expenses	\$ 500	\$ -	\$ 500
<b>SUBTOTAL</b>	<b>\$ 832,587</b>	<b>\$ 171,925</b>	<b>\$ 1,004,512</b>
<b>LANDFILL OPERATIONS</b>			
Personnel Services	\$ 718,494	\$ (109,320)	\$ 609,174
Employee Benefits	\$ 218,505	\$ (35,366)	\$ 183,139
Supplies & Materials	\$ 86,300	\$ -	\$ 86,300
Gas/Diesel Fuel	\$ 94,723	\$ -	\$ 94,723
Internal Services Charges	\$ 10,581	\$ -	\$ 10,581
Equipment Replacement/Additions	\$ 14,400	\$ -	\$ 14,400
Rentals & Leases	\$ 9,768	\$ -	\$ 9,768
Utilities & Natural Gas	\$ 48,460	\$ -	\$ 48,460
Insurance	\$ 47,922	\$ 0	\$ 47,922
Buildings & Grounds Maintenance	\$ 219,520	\$ -	\$ 219,520
Contractual Services	\$ 672,337	\$ (36,771)	\$ 635,566
Training & Meetings	\$ 15,000	\$ -	\$ 15,000
Misc. Expenses	\$ 10,000	\$ -	\$ 10,000
<b>SUBTOTAL</b>	<b>\$ 2,166,010</b>	<b>\$ (181,457)</b>	<b>\$ 1,984,553</b>
<b>RECYCLING OPERATIONS</b>			
Personal Services	\$ 93,419	\$ 9,122	\$ 102,541
Employee Benefits	\$ 30,828	\$ (1)	\$ 30,827
Supplies & Materials	\$ 2,000	\$ -	\$ 2,000
Gas/Diesel Fuel	\$ 14,279	\$ -	\$ 14,279
Internal Services Charges	\$ 956	\$ -	\$ 956
Equipment Replacement/Additions	\$ 1,000	\$ -	\$ 1,000
Rentals & Leases	\$ 50,260	\$ -	\$ 50,260
Utilities & Natural Gas	\$ 2,100	\$ -	\$ 2,100
Insurance	\$ 6,966	\$ -	\$ 6,966
Buildings & Grounds Maintenance	\$ 1,000	\$ -	\$ 1,000
Contractual Services	\$ 17,287	\$ (4,596)	\$ 12,691
Training & Meetings	\$ 500	\$ -	\$ 500
Misc. Expenses	\$ 600	\$ -	\$ 600
<b>SUBTOTAL</b>	<b>\$ 221,195</b>	<b>\$ 4,525</b>	<b>\$ 225,720</b>
<b>BRUSH COLLECTION</b>			
Personal Services	\$ 112,848	\$ 39,575	\$ 152,423
Employee Benefits	\$ 20,190	\$ 25,634	\$ 45,824
Supplies & Materials	\$ 4,100	\$ -	\$ 4,100
Gas/Diesel Fuel	\$ 4,750	\$ -	\$ 4,750
Internal Services Charges	\$ 3,584	\$ -	\$ 3,584
Equipment Replacement/Additions	\$ -	\$ -	\$ -
Rentals & Leases	\$ 24,000	\$ (24,000)	\$ -
Utilities & Natural Gas	\$ 1,343	\$ -	\$ 1,343

**SCHEDULE 2: FY 03 REVENUE REQUIREMENT**

<b>BUDGET CATEGORIES</b>	<b>FY 03 PROPOSED BUDGET</b>	<b>ADJUSTMENTS</b>	<b>REVENUE REQUIREMENTS</b>
Insurance	\$ 2,704	\$ -	\$ 2,704
Buildings & Grounds Maintenance	\$ -	\$ -	\$ -
Contractual Services	\$ 17,021	\$ (2,758)	\$ 14,263
Training & Meetings	\$ -	\$ -	\$ -
Miscellaneous Expenses	\$ 500	\$ -	\$ 500
<b>SUBTOTAL</b>	<b>\$ 191,040</b>	<b>\$ 38,451</b>	<b>\$ 229,491</b>
<b>TOTAL DEPT. OPERATING</b>	<b>\$ 3,410,832</b>	<b>\$ 33,444</b>	<b>\$ 3,444,276</b>
<b>NON-DEPARTMENTAL</b>			
Health Insurance	\$ 46,805	\$ -	\$ 46,805
Audit	\$ 14,663	\$ -	\$ 14,663
Payment in Lieu of Taxes	\$ 585,248	\$ -	\$ 585,248
Banking Services	\$ 1,600	\$ -	\$ 1,600
Retail Handler's Fee	\$ 20,000	\$ -	\$ 20,000
Utility Billing System Transfer	\$ 76,945	\$ -	\$ 76,945
GIS Related	\$ 38,500	\$ -	\$ 38,500
Accrued Compensation	\$ -	\$ -	\$ -
All Other	\$ 6,668	\$ -	\$ 6,668
<b>SUBTOTAL</b>	<b>\$ 790,429</b>	<b>\$ -</b>	<b>\$ 790,429</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,201,261</b>	<b>\$ 33,444</b>	<b>\$ 4,234,705</b>
<b>DEBT SERVICE</b>			
General Obligation Debt	\$ 1,421,212	\$ 11,949	\$ 1,433,161
<b>SUBTOTAL</b>	<b>\$ 1,421,212</b>	<b>\$ 11,949</b>	<b>\$ 1,433,161</b>
<b>TRANSFERS</b>			
Closure Reserve	\$ 379,033	\$ -	\$ 379,033
Heavy Equipment and Repair	\$ 502,713	\$ 5,027	\$ 507,740
Capital	\$ 36,500	\$ -	\$ 36,500
<b>SUBTOTAL</b>	<b>\$ 918,246</b>	<b>\$ 5,027</b>	<b>\$ 923,273</b>
<b>RESERVES</b>			
Contingency	\$ -	\$ -	\$ -
Reserve Allocation	\$ -	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,339,458</b>	<b>\$ 16,975</b>	<b>\$ 2,356,433</b>
<b>TOTAL EXPENSES</b>	<b>\$ 6,540,719</b>	<b>\$ 50,420</b>	<b>\$ 6,591,139</b>
<b>REVENUE OFF-SETS</b>			
Intergovernmental	\$ 191,039	\$ -	\$ 191,039
Interest	\$ 200,000	\$ -	\$ 200,000
Methane Gas Contract	\$ -	\$ 6,000	\$ 6,000
All Other	\$ 7,500	\$ -	\$ 7,500
<b>SUBTOTAL</b>	<b>\$ 398,539</b>	<b>\$ 6,000</b>	<b>\$ 404,539</b>
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,142,180</b>	<b>\$ 44,420</b>	<b>\$ 6,186,600</b>

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 3  
Page 1 of 1

**SCHEDULE 3: REVENUE REQUIREMENT BY SERVICE CATEGORY**

**FY 03**

<b>FY 03</b>	<b>REVENUE REQUIREMENTS</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,186,600	\$ 1,039,072	\$ 173,153	\$ 23,118	\$ 324,670	\$ 82,586	\$ 88,148	\$ 156,075	\$ 33,060	\$ 12,254	\$ 49,431	\$ 2,710,029	\$ 672,244	\$ 822,760
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (88,148)	\$ -	\$ -	\$ -	\$ -	\$ 88,148	\$ -	\$ -
ADMIN		\$ 8,369	\$ 1,395	\$ 186	\$ 2,615	\$ 665	\$ -	\$ 1,257	\$ 266	\$ 99	\$ -	\$ 22,538	\$ 5,414	\$ 6,627
<b>TOTAL</b>	<b>\$ 6,186,600</b>	<b>\$ 1,047,441</b>	<b>\$ 174,547</b>	<b>\$ 23,304</b>	<b>\$ 327,285</b>	<b>\$ 83,252</b>	<b>\$ -</b>	<b>\$ 157,332</b>	<b>\$ 33,326</b>	<b>\$ 12,353</b>	<b>\$ -</b>	<b>\$ 2,820,715</b>	<b>\$ 677,658</b>	<b>\$ 829,387</b>

**FY 04**

<b>FY 04</b>	<b>REVENUE REQUIREMENT</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,163,038	\$ 1,045,955	\$ 170,168	\$ 23,005	\$ 292,218	\$ 89,942	\$ 90,381	\$ 158,088	\$ 33,757	\$ 12,718	\$ 49,306	\$ 2,705,313	\$ 671,061	\$ 821,126
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (90,381)	\$ -	\$ -	\$ -	\$ -	\$ 90,381	\$ -	\$ -
ADMIN		\$ 8,435	\$ 1,372	\$ 186	\$ 2,357	\$ 725	\$ -	\$ 1,275	\$ 272	\$ 103	\$ -	\$ 22,547	\$ 5,412	\$ 6,622
<b>TOTAL</b>	<b>\$ 6,163,038</b>	<b>\$ 1,054,390</b>	<b>\$ 171,540</b>	<b>\$ 23,190</b>	<b>\$ 294,575</b>	<b>\$ 90,667</b>	<b>\$ -</b>	<b>\$ 159,363</b>	<b>\$ 34,029</b>	<b>\$ 12,821</b>	<b>\$ -</b>	<b>\$ 2,818,241</b>	<b>\$ 676,473</b>	<b>\$ 827,749</b>

**FY 05**

<b>FY 05</b>	<b>REVENUE REQUIREMENT</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,262,091	\$ 1,071,777	\$ 172,496	\$ 23,471	\$ 302,240	\$ 98,138	\$ 92,681	\$ 162,104	\$ 34,469	\$ 13,203	\$ 50,867	\$ 2,733,210	\$ 677,972	\$ 829,465
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (92,681)	\$ -	\$ -	\$ -	\$ -	\$ 92,681	\$ -	\$ -
ADMIN		\$ 8,777.33	\$ 1,413	\$ 192	\$ 2,475	\$ 804	\$ -	\$ 1,328	\$ 282	\$ 108.12	\$ -	\$ 23,143	\$ 5,552	\$ 6,793
<b>TOTAL</b>	<b>\$ 6,262,091</b>	<b>\$ 1,080,554</b>	<b>\$ 173,909</b>	<b>\$ 23,663</b>	<b>\$ 304,715</b>	<b>\$ 98,942</b>	<b>\$ -</b>	<b>\$ 163,431</b>	<b>\$ 34,751</b>	<b>\$ 13,311</b>	<b>\$ -</b>	<b>\$ 2,849,033</b>	<b>\$ 683,524</b>	<b>\$ 836,258</b>

**FY 06**

<b>FY 06</b>	<b>REVENUE REQUIREMENT</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,374,225	\$ 1,109,167	\$ 177,979	\$ 24,285	\$ 312,675	\$ 106,959	\$ 95,049	\$ 167,356	\$ 35,197	\$ 13,708	\$ 52,479	\$ 2,758,267	\$ 684,177	\$ 836,928
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (95,049)	\$ -	\$ -	\$ -	\$ -	\$ 95,049	\$ -	\$ -
ADMIN		\$ 9,208	\$ 1,477	\$ 202	\$ 2,596	\$ 888	\$ -	\$ 1,389	\$ 292	\$ 114	\$ -	\$ 23,686	\$ 5,680	\$ 6,948
<b>TOTAL</b>	<b>\$ 6,374,225</b>	<b>\$ 1,118,374</b>	<b>\$ 179,456</b>	<b>\$ 24,487</b>	<b>\$ 315,271</b>	<b>\$ 107,847</b>	<b>\$ -</b>	<b>\$ 168,746</b>	<b>\$ 35,489</b>	<b>\$ 13,822</b>	<b>\$ -</b>	<b>\$ 2,877,002</b>	<b>\$ 689,857</b>	<b>\$ 843,876</b>

**FY 07**

<b>FY 07</b>	<b>REVENUE REQUIREMENT</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,758,967	\$ 1,148,126	\$ 183,689	\$ 25,134	\$ 323,549	\$ 116,110	\$ 97,487	\$ 172,804	\$ 35,940	\$ 14,235	\$ 54,145	\$ 2,956,831	\$ 733,444	\$ 897,471
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (97,487)	\$ -	\$ -	\$ -	\$ -	\$ 97,487	\$ -	\$ -
ADMIN		\$ 9,272	\$ 1,483	\$ 203	\$ 2,613	\$ 938	\$ -	\$ 1,395	\$ 290	\$ 115	\$ -	\$ 24,665	\$ 5,923	\$ 7,247
<b>TOTAL</b>	<b>\$ 6,758,967</b>	<b>\$ 1,157,398</b>	<b>\$ 185,173</b>	<b>\$ 25,337</b>	<b>\$ 326,162</b>	<b>\$ 117,048</b>	<b>\$ -</b>	<b>\$ 174,199</b>	<b>\$ 36,230</b>	<b>\$ 14,350</b>	<b>\$ -</b>	<b>\$ 3,078,983</b>	<b>\$ 739,367</b>	<b>\$ 904,718</b>

**FY 08**

<b>FY 08</b>	<b>REVENUE REQUIREMENT</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>
SOLID WASTE DIVISIONS	\$ 6,870,078	\$ 1,188,750	\$ 189,645	\$ 26,021	\$ 334,890	\$ 125,613	\$ 99,999	\$ 178,457	\$ 36,700	\$ 14,785	\$ 55,865	\$ 2,977,315	\$ 738,514	\$ 903,523
ALLOCATIONS														
WOOD PROCESSING		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (99,999)	\$ -	\$ -	\$ -	\$ -	\$ 99,999	\$ -	\$ -
ADMIN		\$ 9,746	\$ 1,555	\$ 213	\$ 2,746	\$ 1,030	\$ -	\$ 1,463	\$ 301	\$ 121	\$ -	\$ 25,229	\$ 6,055	\$ 7,407
<b>TOTAL</b>	<b>\$ 6,870,078</b>	<b>\$ 1,198,496</b>	<b>\$ 191,200</b>	<b>\$ 26,234</b>	<b>\$ 337,636</b>	<b>\$ 126,643</b>	<b>\$ -</b>	<b>\$ 179,920</b>	<b>\$ 37,001</b>	<b>\$ 14,906</b>	<b>\$ -</b>	<b>\$ 3,102,543</b>	<b>\$ 744,568</b>	<b>\$ 910,930</b>

**City of Lynchburg**  
**Solid Waste Rate Analysis**

**SCHEDULE 4: FEE ALLOCATIONS**

**FY 03**

<b>FY 03</b>	<b>RESIDEN TIAL</b>	<b>CITY</b>	<b>TIRE SURCHAR</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRI AL</b>	<b>TOTAL</b>
<b>SERVICE</b>							
Refuse	\$1,047,441						#####
Litter & Debris	\$ 174,547						#####
City Parks		\$ 23,304					\$ 23,304
Recycling	\$ 327,285						#####
Brush	\$ 83,252						\$ 83,252
Bulk/White Goods	\$ 157,332						#####
HHW	\$ 33,326						\$ 33,326
Tires			\$ 12,353				\$ 12,353
MSW Disposal	\$ 596,187			\$2,224,527			#####
Sludge Disposal					\$ 677,658		#####
Industrial Disposal						\$ 829,387	#####
<b>TOTAL</b>	<b>\$2,419,370</b>	<b>\$ 23,304</b>	<b>\$ 12,353</b>	<b>\$2,224,527</b>	<b>\$ 677,658</b>	<b>\$ 829,387</b>	<b>#####</b>

**FY 04**

<b>FY 04</b>	<b>RESIDEN TIAL</b>	<b>CITY</b>	<b>TIRE SURCHAR</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRI AL</b>	<b>TOTAL</b>
<b>SERVICE</b>							
Refuse	\$1,054,390						#####
Litter & Debris	\$ 171,540						#####
City Parks		\$ 23,190					\$ 23,190
Recycling	\$ 294,575						#####
Brush	\$ 90,667						\$ 90,667
Bulk/White Goods	\$ 159,363						#####
HHW	\$ 34,029						\$ 34,029
Tires			\$ 12,821				\$ 12,821
MSW Disposal	\$ 595,457			\$2,222,784			#####
Sludge Disposal					\$ 676,473		#####
Industrial Disposal						\$ 827,749	#####
<b>TOTAL</b>	<b>\$2,400,021</b>	<b>\$ 23,190</b>	<b>\$ 12,821</b>	<b>\$2,222,784</b>	<b>\$ 676,473</b>	<b>\$ 827,749</b>	<b>#####</b>

**FY 05**

<b>FY 05</b>	<b>RESIDEN TIAL</b>	<b>CITY</b>	<b>TIRE SURCHAR</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRI AL</b>	<b>TOTAL</b>
<b>SERVICE</b>							
Refuse	\$1,080,554						#####
Litter & Debris	\$ 173,909						#####
City Parks		\$ 23,663					\$ 23,663
Recycling	\$ 304,715						#####
Brush	\$ 98,942						\$ 98,942
Bulk/White Goods	\$ 163,431						#####
HHW	\$ 34,751						\$ 34,751
Tires			\$ 13,311				\$ 13,311
MSW Disposal	\$ 601,963			\$2,247,070			#####
Sludge Disposal					\$ 683,524		#####
Industrial Disposal						\$ 836,258	#####
<b>TOTAL</b>	<b>\$2,458,265</b>	<b>\$ 23,663</b>	<b>\$ 13,311</b>	<b>\$2,247,070</b>	<b>\$ 683,524</b>	<b>\$ 836,258</b>	<b>#####</b>

\*\* Wood Processing was previously allocated to MSW Disposal.

\*\* Administration Service Category was previously allocated proportionally to all other service categories.

## SCHEDULE 4: FEE ALLOCATIONS

## FY 06

FY 06	RESIDEN TIAL	CITY	TIRE SURCHAR	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRI AL	TOTAL
<b>SERVICE</b>							
Refuse	\$1,118,374						#####
Litter & Debris	\$ 179,456						#####
City Parks		\$ 24,487					\$ 24,487
Recycling	\$ 315,271						#####
Brush	\$ 107,847						#####
Bulk/White Goods	\$ 168,746						#####
HHW	\$ 35,489						\$ 35,489
Tires			\$ 13,822				\$ 13,822
MSW Disposal	\$ 607,872			\$2,269,129			#####
Sludge Disposal					\$ 689,857		#####
Industrial Disposal						\$ 843,876	#####
<b>TOTAL</b>	<b>\$2,533,055</b>	<b>\$ 24,487</b>	<b>\$ 13,822</b>	<b>\$2,269,129</b>	<b>\$ 689,857</b>	<b>\$ 843,876</b>	<b>#####</b>

## FY 07

FY 07	RESIDEN TIAL	CITY	TIRE SURCHAR	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRI AL	TOTAL
<b>SERVICE</b>							
Refuse	\$1,157,398						#####
Litter & Debris	\$ 185,173						#####
City Parks		\$ 25,337					\$ 25,337
Recycling	\$ 326,162						#####
Brush	\$ 117,048						#####
Bulk/White Goods	\$ 174,199						#####
HHW	\$ 36,230						\$ 36,230
Tires			\$ 14,350				\$ 14,350
MSW Disposal	\$ 650,548			\$2,428,435			#####
Sludge Disposal					\$ 739,367		#####
Industrial Disposal						\$ 904,718	#####
<b>TOTAL</b>	<b>\$2,646,759</b>	<b>\$ 25,337</b>	<b>\$ 14,350</b>	<b>\$2,428,435</b>	<b>\$ 739,367</b>	<b>\$ 904,718</b>	<b>#####</b>

## FY 08

FY 08	RESIDEN TIAL	CITY	TIRE SURCHAR	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRI AL	TOTAL
<b>SERVICE</b>							
Refuse	\$1,198,496						#####
Litter & Debris	\$ 191,200						#####
City Parks		\$ 26,234					\$ 26,234
Recycling	\$ 337,636						#####
Brush	\$ 126,643						#####
Bulk/White Goods	\$ 179,920						#####
HHW	\$ 37,001						\$ 37,001
Tires			\$ 14,906				\$ 14,906
MSW Disposal	\$ 655,526			\$2,447,017			#####
Sludge Disposal					\$ 744,568		#####
Industrial Disposal						\$ 910,930	#####
<b>TOTAL</b>	<b>\$2,726,422</b>	<b>\$ 26,234</b>	<b>\$ 14,906</b>	<b>\$2,447,017</b>	<b>\$ 744,568</b>	<b>\$ 910,930</b>	<b>#####</b>

\*\* Wood Processing was previously allocated to MSW Disposal.

\*\* Administration Service Category was previously allocated proportionally to all other service categories.



**City of Lynchburg  
Solid Waste Rate Analysis**

**SCHEDULE 5: DISPOSAL TONNAGE ALLOCATION**

LANDFILL CUSTOMER	TONNAGE DATA		PROJECTED ANNUAL TONNAGE			COST PER SERVICE CATEGORY		
	FY 00	FY 01	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRIAL DISPOSAL	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRIAL DISPOSAL
<b>SLUDGE</b>								
Sludge	21,050	24,112		21,701		\$ 677,658		
Sludge (Free)	9,097	-						
<b>Sludge Subtotal</b>	<b>30,147</b>	<b>24,112</b>	<b>-</b>	<b>21,701</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 677,658</b>	<b>\$ -</b>
<b>INDUSTRIAL</b>								
<b>Contracted Private Haulers</b>								
Rock Tenn	8,917	6,654			5,988			\$ 185,664
Rock Tenn (Inert)		190						\$ -
Griffin Pipe	25,970	23,070			20,763			\$ 643,724
<b>Industrial Subtotal</b>	<b>34,887</b>	<b>29,914</b>	<b>-</b>	<b>-</b>	<b>26,752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 829,387</b>
<b>MUNICIPAL SOLID WASTE</b>								
<b>Commercial</b>								
<b>Contracted Private Haulers</b>								
Waste Management	11,743	10,317	9,285			\$ 299,530		
BFI	50,251	50,468	45,422			\$ 1,465,301		
BFI (Inert)		1,350				\$ -		
Other	-	196	176			\$ 5,688		
<b>Gate</b>								
MSW Gate	11,330	11,087	9,978			\$ 321,898		
Tire Surcharge		-				\$ -		
Tires	19	8	7			\$ 235		
<b>Other</b>								
Schools	123	110	99			\$ 3,181		
Schools (Free)		9				\$ -		
B & G	96	34				\$ -		
DemolitionCont B	4,573	2,529				\$ -		
Cupola Slag A	28	98				\$ -		
Cont. C	621	221				\$ -		
WWTP	503	330	297			\$ 9,588		
All Other Departments	4,154	4,102	3,692			\$ 119,105		
<b>Commercial Subtotal</b>	<b>83,442</b>	<b>80,859</b>	<b>68,956</b>	<b>-</b>	<b>-</b>	<b>\$ 2,224,527</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Residential</b>								
<b>City Refuse Collection</b>								
Decal, City Tag, Vendor Tag	12,013	11,843	10,658			\$ 343,841		
Residential Free	3,961	3,993	3,594			\$ 115,939		
Residential Paid	625	659	593			\$ 19,124		
<b>Recycling</b>								
Recycling	1,752	1,024	921			\$ 29,717		
<b>Brush</b>								
Brush	2,348	934	840			\$ 27,106		
<b>Bulky</b>								
On-Call Bulk	1,573	2,082	1,874			\$ 60,460		
<b>Residential Subtotal</b>	<b>22,272</b>	<b>20,534</b>	<b>18,481</b>	<b>-</b>	<b>-</b>	<b>\$ 596,187</b>	<b>\$ -</b>	<b>\$ -</b>
<b>MSW Total</b>	<b>105,715</b>	<b>101,393</b>	<b>87,437</b>	<b>-</b>	<b>-</b>	<b>\$ 2,820,715</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL</b>	<b>170,748</b>	<b>155,418</b>	<b>87,437</b>	<b>21,701</b>	<b>26,752</b>	<b>\$ 2,820,715</b>	<b>\$ 677,658</b>	<b>\$ 829,387</b>
<b>COST PER TON</b>						<b>\$ 32.26</b>	<b>\$ 31.23</b>	<b>\$ 31.00</b>

**City of Lynchburg**  
**Solid Waste Rate Analysis**

**SCHEDULE 6: PRO FORMA**

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	NOTES
<b>DEPARTMENTAL</b>							
Personnel Services	\$ 1,280,723	\$ 1,319,145	\$ 1,358,719	\$ 1,399,481	\$ 1,441,465	\$ 1,484,709	1
Employee Benefits	\$ 385,029	\$ 396,580	\$ 408,478	\$ 420,732	\$ 433,354	\$ 446,355	2
Supplies & Materials	\$ 109,840	\$ 112,037	\$ 114,278	\$ 116,563	\$ 118,894	\$ 121,272	3
Gas/Diesel Fuel	\$ 139,002	\$ 141,782	\$ 144,618	\$ 147,510	\$ 150,460	\$ 153,469	3
Internal Services Charges	\$ 24,685	\$ 25,179	\$ 25,682	\$ 26,196	\$ 26,720	\$ 27,254	3
Equipment Replacement/Additions	\$ 298,310	\$ 313,226	\$ 328,887	\$ 345,332	\$ 362,598	\$ 380,728	4
Rental & Leases	\$ 60,028	\$ 9,963	\$ 10,163	\$ 10,366	\$ 10,573	\$ 10,785	5
Utilities	\$ 58,003	\$ 59,163	\$ 60,346	\$ 61,553	\$ 62,784	\$ 64,040	3
Insurance	\$ 76,892	\$ 78,430	\$ 79,999	\$ 81,599	\$ 83,231	\$ 84,895	3
Buildings & Grounds Maintenance	\$ 221,220	\$ 225,644	\$ 230,157	\$ 234,760	\$ 239,456	\$ 244,245	3
Contractual Services	\$ 762,943	\$ 778,202	\$ 793,766	\$ 809,641	\$ 825,834	\$ 842,351	3
Training & Meetings	\$ 16,000	\$ 16,320	\$ 16,646	\$ 16,979	\$ 17,319	\$ 17,665	3
Miscellaneous Expenses	\$ 11,600	\$ 11,832	\$ 12,069	\$ 12,310	\$ 12,556	\$ 12,807	3
<b>SUBTOTAL</b>	<b>\$ 3,444,276</b>	<b>\$ 3,487,504</b>	<b>\$ 3,583,808</b>	<b>\$ 3,683,022</b>	<b>\$ 3,785,245</b>	<b>\$ 3,890,576</b>	
<b>NON-DEPARTMENTAL</b>							
Health Insurance	\$ 46,805	\$ 53,826	\$ 61,900	\$ 71,185	\$ 81,862	\$ 94,142	2
Audit	\$ 14,663	\$ 14,956	\$ 15,255	\$ 15,560	\$ 15,872	\$ 16,189	3
Payment in Lieu of Taxes	\$ 585,248	\$ 596,953	\$ 608,892	\$ 621,070	\$ 633,491	\$ 646,161	3
Banking Services	\$ 1,600	\$ 1,632	\$ 1,665	\$ 1,698	\$ 1,732	\$ 1,767	3
Retail Handler's Fee	\$ 20,000	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	3,13
Utility Billing System Transfer	\$ 76,945	\$ 47,508	\$ 33,458	\$ 34,127	\$ 34,809	\$ 35,506	6,13
GIS Related	\$ 38,500	\$ 39,270	\$ 40,055	\$ 40,857	\$ 41,674	\$ 42,507	3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
All Other	\$ 6,668	\$ 6,801	\$ 6,937	\$ 7,076	\$ 7,218	\$ 7,362	3
<b>SUBTOTAL</b>	<b>\$ 790,429</b>	<b>\$ 770,946</b>	<b>\$ 778,362</b>	<b>\$ 801,976</b>	<b>\$ 827,270</b>	<b>\$ 854,457</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,234,705</b>	<b>\$ 4,258,449</b>	<b>\$ 4,362,170</b>	<b>\$ 4,484,999</b>	<b>\$ 4,612,515</b>	<b>\$ 4,745,033</b>	
<b>DEBT SERVICE</b>							
General Obligation Debt	\$ 1,433,161	\$ 1,384,211	\$ 1,338,810	\$ 1,289,596	\$ 1,506,178	\$ 1,452,363	7
<b>SUBTOTAL</b>	<b>\$ 1,433,161</b>	<b>\$ 1,384,211</b>	<b>\$ 1,338,810</b>	<b>\$ 1,289,596</b>	<b>\$ 1,506,178</b>	<b>\$ 1,452,363</b>	
<b>TRANSFERS</b>							
Closure Reserve	\$ 379,033	\$ 355,470	\$ 369,732	\$ 380,454	\$ 391,905	\$ 403,659	8
Heavy Equipment and Repair	\$ 507,740	\$ 533,127	\$ 559,783	\$ 587,772	\$ 617,161	\$ 648,019	9
Capital	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500	\$ 36,500	10
<b>SUBTOTAL</b>	<b>\$ 923,273</b>	<b>\$ 925,096</b>	<b>\$ 966,015</b>	<b>\$ 1,004,726</b>	<b>\$ 1,045,566</b>	<b>\$ 1,088,177</b>	
<b>RESERVES</b>							
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,356,433</b>	<b>\$ 2,309,307</b>	<b>\$ 2,304,825</b>	<b>\$ 2,294,321</b>	<b>\$ 2,551,744</b>	<b>\$ 2,540,540</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 6,591,139</b>	<b>\$ 6,567,757</b>	<b>\$ 6,666,995</b>	<b>\$ 6,779,320</b>	<b>\$ 7,164,259</b>	<b>\$ 7,285,573</b>	
<b>REVENUE OFF-SETS</b>							
Intergovernmental	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039	\$ 191,039	11
Interest	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	10
Methane Gas Contract	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 6,956	12
All Other	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	10
<b>SUBTOTAL</b>	<b>\$ 404,539</b>	<b>\$ 404,719</b>	<b>\$ 404,904</b>	<b>\$ 405,095</b>	<b>\$ 405,292</b>	<b>\$ 415,495</b>	
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,186,600</b>	<b>\$ 6,163,038</b>	<b>\$ 6,262,091</b>	<b>\$ 6,374,225</b>	<b>\$ 6,758,967</b>	<b>\$ 6,870,078</b>	

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the estimated liability at the end of the
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 7-A  
Page 1 of 5

**SCHEDULE 7-A: PRO FORMA FY 04**

	FY 04	REFUSE	LITTER & DEBRIS	CITY PARKS	RECYCLING	BRUSH	WOOD PROCESSING	BULK/WHITE GOODS	HHW	TIRES	ADMIN	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRIAL DISPOSAL	NOTES
<b>DEPARTMENTAL</b>															
Personnel Services	\$ 1,319,145	\$ 353,804	\$ 67,265	\$ 8,013	\$ 105,617	\$ 156,996	\$ 8,367	\$ 84,838	\$ 2,092	\$ 837	\$ 32,457	\$ 324,181	\$ 80,271	\$ 94,406	1
Employee Benefits	\$ 396,580	\$ 106,366	\$ 20,222	\$ 2,409	\$ 31,752	\$ 47,198	\$ 2,515	\$ 25,505	\$ 629	\$ 252	\$ 9,758	\$ 97,460	\$ 24,132	\$ 28,382	2
Supplies & Materials	\$ 112,037	\$ 18,318	\$ 3,558	\$ 381	\$ 2,040	\$ 4,563	\$ -	\$ 1,271	\$ -	\$ -	\$ -	\$ 52,702	\$ 13,080	\$ 16,124	3
Gas/Diesel Fuel	\$ 141,782	\$ 17,661	\$ 5,151	\$ 552	\$ 14,565	\$ 5,397	\$ -	\$ 1,840	\$ -	\$ -	\$ -	\$ 62,168	\$ 15,429	\$ 19,020	3
Internal Services Charges	\$ 25,179	\$ 6,689	\$ 1,951	\$ 209	\$ 975	\$ 3,865	\$ -	\$ 697	\$ -	\$ -	\$ -	\$ 6,944	\$ 1,724	\$ 2,125	3
Equipment Replacement/Additions	\$ 313,226	\$ 268,622	\$ 10,442	\$ 5,116	\$ 2,079	\$ 1,448	\$ -	\$ 15,544	\$ -	\$ -	\$ -	\$ 6,418	\$ 1,593	\$ 1,964	4
Rental & Leases	\$ 9,963	\$ -	\$ -	\$ -	\$ 8,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324	\$ 835	\$ 207	\$ 255	5
Utilities	\$ 59,163	\$ 4,267	\$ 1,244	\$ 133	\$ 2,142	\$ 1,503	\$ -	\$ 444	\$ -	\$ -	\$ -	\$ 31,805	\$ 7,894	\$ 9,731	3
Insurance	\$ 78,430	\$ 16,232	\$ 3,086	\$ 368	\$ 7,105	\$ 2,758	\$ 435	\$ 4,409	\$ 109	\$ 43	\$ 1,687	\$ 27,318	\$ 6,770	\$ 8,110	3
Buildings & Grounds Maintenance	\$ 225,644	\$ 490	\$ 143	\$ 15	\$ 1,020	\$ 15	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ 144,074	\$ 35,757	\$ 44,080	3
Contractual Services	\$ 778,202	\$ 102,234	\$ 12,998	\$ 1,393	\$ 15,290	\$ 18,600	\$ 66,300	\$ 4,642	\$ 30,600	\$ 4,284	\$ -	\$ 335,788	\$ 83,338	\$ 102,735	3
Training & Meetings	\$ 16,320	\$ 350	\$ 102	\$ 11	\$ 510	\$ 11	\$ -	\$ 36	\$ -	\$ -	\$ -	\$ 9,845	\$ 2,443	\$ 3,012	3
Miscellaneous Expenses	\$ 11,832	\$ 350	\$ 102	\$ 11	\$ 612	\$ 521	\$ -	\$ 36	\$ -	\$ -	\$ -	\$ 6,563	\$ 1,629	\$ 2,008	3
<b>SUBTOTAL</b>	<b>\$ 3,487,504</b>	<b>\$ 895,382</b>	<b>\$ 126,264</b>	<b>\$ 18,611</b>	<b>\$ 192,049</b>	<b>\$ 242,876</b>	<b>\$ 77,617</b>	<b>\$ 139,313</b>	<b>\$ 33,429</b>	<b>\$ 5,416</b>	<b>\$ 44,225</b>	<b>\$ 1,106,102</b>	<b>\$ 274,267</b>	<b>\$ 331,952</b>	
<b>NON-DEPARTMENTAL</b>															
Health Insurance	\$ 53,826	\$ 10,764	\$ 3,140	\$ 336	\$ 3,527	\$ 3,923	\$ -	\$ 1,121	\$ -	\$ -	\$ -	\$ 19,956	\$ 4,953	\$ 6,105	2
Audit	\$ 14,956	\$ 2,991	\$ 872	\$ 93	\$ 980	\$ 1,090	\$ -	\$ 312	\$ -	\$ -	\$ -	\$ 5,545	\$ 1,376	\$ 1,696	3
Payment in Lieu of Taxes	\$ 596,953	\$ 119,382	\$ 34,820	\$ 3,731	\$ 39,121	\$ 43,506	\$ -	\$ 12,436	\$ -	\$ -	\$ -	\$ 221,317	\$ 54,928	\$ 67,713	3
Banking Services	\$ 1,632	\$ 326	\$ 95	\$ 10	\$ 107	\$ 119	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ 605	\$ 150	\$ 185	3
Retail Handler's Fee	\$ 10,000	\$ 6,857	\$ 2,000	\$ 214	\$ -	\$ 214	\$ -	\$ 714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,13
Utility Billing System Transfer	\$ 47,508	\$ 32,577	\$ 9,502	\$ 1,018	\$ -	\$ 1,018	\$ -	\$ 3,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,13
GIS Related	\$ 39,270	\$ 7,853	\$ 2,291	\$ 245	\$ 2,574	\$ 2,862	\$ -	\$ 818	\$ -	\$ -	\$ -	\$ 14,559	\$ 3,613	\$ 4,454	3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
All Other	\$ 6,801	\$ 1,360	\$ 397	\$ 43	\$ 446	\$ 496	\$ -	\$ 142	\$ -	\$ -	\$ -	\$ 2,522	\$ 626	\$ 771	3
<b>SUBTOTAL</b>	<b>\$ 770,946</b>	<b>\$ 182,112</b>	<b>\$ 53,116</b>	<b>\$ 5,691</b>	<b>\$ 46,755</b>	<b>\$ 53,227</b>	<b>\$ -</b>	<b>\$ 18,970</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 264,504</b>	<b>\$ 65,646</b>	<b>\$ 80,926</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,258,449</b>	<b>\$ 1,077,493</b>	<b>\$ 179,380</b>	<b>\$ 24,302</b>	<b>\$ 238,804</b>	<b>\$ 296,103</b>	<b>\$ 77,617</b>	<b>\$ 158,283</b>	<b>\$ 33,429</b>	<b>\$ 5,416</b>	<b>\$ 44,225</b>	<b>\$ 1,370,605</b>	<b>\$ 339,913</b>	<b>\$ 412,878</b>	
<b>DEBT SERVICE</b>															
General Obligation Debt	\$ 1,384,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,661	\$ 221,050	\$ 272,500	7
<b>SUBTOTAL</b>	<b>\$ 1,384,211</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 890,661</b>	<b>\$ 221,050</b>	<b>\$ 272,500</b>	
<b>TRANSFERS</b>															
Closure Reserve	\$ 355,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,725	\$ 56,766	\$ 69,979	8
Heavy Equipment and Repair	\$ 533,127	\$ 9,959	\$ 2,891	\$ -	\$ 67,012	\$ -	\$ 12,764	\$ 4,128	\$ 327	\$ 7,302	\$ 5,081	\$ 272,741	\$ 67,583	\$ 83,338	9
Capital	\$ 36,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,486	\$ 5,829	\$ 7,186	10
<b>SUBTOTAL</b>	<b>\$ 925,096</b>	<b>\$ 9,959</b>	<b>\$ 2,891</b>	<b>\$ -</b>	<b>\$ 67,012</b>	<b>\$ -</b>	<b>\$ 12,764</b>	<b>\$ 4,128</b>	<b>\$ 327</b>	<b>\$ 7,302</b>	<b>\$ 5,081</b>	<b>\$ 524,952</b>	<b>\$ 130,178</b>	<b>\$ 160,502</b>	
<b>RESERVES</b>															
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,309,307</b>	<b>\$ 9,959</b>	<b>\$ 2,891</b>	<b>\$ -</b>	<b>\$ 67,012</b>	<b>\$ -</b>	<b>\$ 12,764</b>	<b>\$ 4,128</b>	<b>\$ 327</b>	<b>\$ 7,302</b>	<b>\$ 5,081</b>	<b>\$ 1,415,613</b>	<b>\$ 351,228</b>	<b>\$ 433,002</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 6,567,757</b>	<b>\$ 1,087,452</b>	<b>\$ 182,271</b>	<b>\$ 24,302</b>	<b>\$ 305,817</b>	<b>\$ 296,103</b>	<b>\$ 90,381</b>	<b>\$ 162,410</b>	<b>\$ 33,757</b>	<b>\$ 12,718</b>	<b>\$ 49,306</b>	<b>\$ 2,786,219</b>	<b>\$ 691,141</b>	<b>\$ 845,880</b>	
<b>REVENUE OFF-SETS</b>															
Intergovernmental	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11
Interest	\$ 200,000	\$ 39,997	\$ 11,666	\$ 1,250	\$ 13,107	\$ 14,576	\$ -	\$ 4,166	\$ -	\$ -	\$ -	\$ 74,149	\$ 18,403	\$ 22,686	10
Methane Gas Contract	\$ 6,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,976	\$ 987	\$ 1,217	12
All Other	\$ 7,500	\$ 1,500	\$ 437	\$ 47	\$ 492	\$ 547	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ 2,781	\$ 690	\$ 851	10
<b>SUBTOTAL</b>	<b>\$ 404,719</b>	<b>\$ 41,497</b>	<b>\$ 12,103</b>	<b>\$ 1,297</b>	<b>\$ 13,598</b>	<b>\$ 206,161</b>	<b>\$ -</b>	<b>\$ 4,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,906</b>	<b>\$ 20,080</b>	<b>\$ 24,753</b>	
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,163,038</b>	<b>\$ 1,045,955</b>	<b>\$ 170,168</b>	<b>\$ 23,005</b>	<b>\$ 292,218</b>	<b>\$ 89,942</b>	<b>\$ 90,381</b>	<b>\$ 158,088</b>	<b>\$ 33,757</b>	<b>\$ 12,718</b>	<b>\$ 49,306</b>	<b>\$ 2,705,313</b>	<b>\$ 671,061</b>	<b>\$ 821,126</b>	

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the total estimated liability at the end of each fiscal year.
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 7-B  
Page 2 of 5

**SCHEDULE 7-B: PRO FORMA FY 05**

	FY 05	REFUSE	LITTER & DEBRIS	CITY PARKS	RECYCLING	BRUSH	WOOD PROCESSING	BULK/WHITE GOODS	HHW	TIRES	ADMIN	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRIAL DISPOSAL	NOTES
<b>DEPARTMENTAL</b>															
Personnel Services	\$ 1,358,719	\$ 364,419	\$ 69,283	\$ 8,253	\$ 108,785	\$ 161,706	\$ 8,618	\$ 87,383	\$ 2,155	\$ 862	\$ 33,431	\$ 333,907	\$ 82,679	\$ 97,239	1
Employee Benefits	\$ 408,478	\$ 109,557	\$ 20,829	\$ 2,481	\$ 32,705	\$ 48,614	\$ 2,591	\$ 26,270	\$ 648	\$ 259	\$ 10,050	\$ 100,384	\$ 24,856	\$ 29,233	2
Supplies & Materials	\$ 114,278	\$ 18,684	\$ 3,629	\$ 389	\$ 2,081	\$ 4,654	\$ -	\$ 1,296	\$ -	\$ -	\$ -	\$ 53,756	\$ 13,341	\$ 16,447	3
Gas/Diesel Fuel	\$ 144,618	\$ 18,014	\$ 5,254	\$ 563	\$ 14,856	\$ 5,505	\$ -	\$ 1,876	\$ -	\$ -	\$ -	\$ 63,411	\$ 15,738	\$ 19,401	3
Internal Services Charges	\$ 25,682	\$ 6,823	\$ 1,990	\$ 213	\$ 995	\$ 3,942	\$ -	\$ 711	\$ -	\$ -	\$ -	\$ 7,083	\$ 1,758	\$ 2,167	3
Equipment Replacement/Additions	\$ 328,887	\$ 282,053	\$ 10,964	\$ 5,372	\$ 2,183	\$ 1,521	\$ -	\$ 16,321	\$ -	\$ -	\$ -	\$ 6,739	\$ 1,673	\$ 2,062	4
Rental & Leases	\$ 10,163	\$ -	\$ -	\$ -	\$ 8,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331	\$ 851	\$ 211	\$ 260	5
Utilities	\$ 60,346	\$ 4,352	\$ 1,269	\$ 136	\$ 2,185	\$ 1,533	\$ -	\$ 453	\$ -	\$ -	\$ -	\$ 32,441	\$ 8,051	\$ 9,925	3
Insurance	\$ 79,999	\$ 16,357	\$ 3,148	\$ 375	\$ 7,247	\$ 2,813	\$ 443	\$ 4,497	\$ 111	\$ 44	\$ 1,720	\$ 27,865	\$ 6,906	\$ 8,272	3
Buildings & Grounds Maintenance	\$ 230,157	\$ 499	\$ 146	\$ 16	\$ 1,040	\$ 16	\$ -	\$ 52	\$ -	\$ -	\$ -	\$ 146,955	\$ 36,472	\$ 44,961	3
Contractual Services	\$ 793,766	\$ 104,279	\$ 13,258	\$ 1,420	\$ 15,596	\$ 18,972	\$ 67,626	\$ 4,735	\$ 31,212	\$ 4,370	\$ -	\$ 342,504	\$ 85,005	\$ 104,790	3
Training & Meetings	\$ 16,646	\$ 357	\$ 104	\$ 11	\$ 520	\$ 11	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ 10,042	\$ 2,492	\$ 3,072	3
Miscellaneous Expenses	\$ 12,069	\$ 357	\$ 104	\$ 11	\$ 624	\$ 531	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ 6,694	\$ 1,661	\$ 2,048	3
<b>SUBTOTAL</b>	<b>\$ 3,583,808</b>	<b>\$ 925,950</b>	<b>\$ 129,977</b>	<b>\$ 19,240</b>	<b>\$ 197,327</b>	<b>\$ 249,819</b>	<b>\$ 79,278</b>	<b>\$ 143,669</b>	<b>\$ 34,125</b>	<b>\$ 5,535</b>	<b>\$ 45,532</b>	<b>\$ 1,132,633</b>	<b>\$ 280,844</b>	<b>\$ 339,878</b>	
<b>NON-DEPARTMENTAL</b>															
Health Insurance	\$ 61,900	\$ 12,379	\$ 3,611	\$ 387	\$ 4,057	\$ 4,511	\$ -	\$ 1,289	\$ -	\$ -	\$ -	\$ 22,949	\$ 5,696	\$ 7,021	2
Audit	\$ 15,255	\$ 3,051	\$ 890	\$ 95	\$ 1,000	\$ 1,112	\$ -	\$ 318	\$ -	\$ -	\$ -	\$ 5,656	\$ 1,404	\$ 1,730	3
Payment in Lieu of Taxes	\$ 608,892	\$ 121,770	\$ 35,516	\$ 3,805	\$ 39,904	\$ 44,376	\$ -	\$ 12,684	\$ -	\$ -	\$ -	\$ 225,744	\$ 56,026	\$ 69,067	3
Banking Services	\$ 1,665	\$ 333	\$ 97	\$ 10	\$ 109	\$ 121	\$ -	\$ 35	\$ -	\$ -	\$ -	\$ 617	\$ 153	\$ 189	3
Retail Handler's Fee	\$ 10,200	\$ 6,994	\$ 2,040	\$ 219	\$ -	\$ 219	\$ -	\$ 729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,13
Utility Billing System Transfer	\$ 33,458	\$ 22,942	\$ 6,692	\$ 717	\$ -	\$ 717	\$ -	\$ 2,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,13
GIS Related	\$ 40,055	\$ 8,011	\$ 2,336	\$ 250	\$ 2,625	\$ 2,919	\$ -	\$ 834	\$ -	\$ -	\$ -	\$ 14,850	\$ 3,686	\$ 4,543	3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
All Other	\$ 6,937	\$ 1,387	\$ 405	\$ 43	\$ 455	\$ 506	\$ -	\$ 145	\$ -	\$ -	\$ -	\$ 2,572	\$ 638	\$ 787	3
<b>SUBTOTAL</b>	<b>\$ 778,362</b>	<b>\$ 176,868</b>	<b>\$ 51,586</b>	<b>\$ 5,527</b>	<b>\$ 48,149</b>	<b>\$ 54,480</b>	<b>\$ -</b>	<b>\$ 18,424</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 272,388</b>	<b>\$ 67,603</b>	<b>\$ 83,338</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,362,170</b>	<b>\$ 1,102,817</b>	<b>\$ 181,564</b>	<b>\$ 24,768</b>	<b>\$ 245,475</b>	<b>\$ 304,299</b>	<b>\$ 79,278</b>	<b>\$ 162,093</b>	<b>\$ 34,125</b>	<b>\$ 5,535</b>	<b>\$ 45,532</b>	<b>\$ 1,405,021</b>	<b>\$ 348,447</b>	<b>\$ 423,216</b>	
<b>DEBT SERVICE</b>															
General Obligation Debt	\$ 1,338,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,448	\$ 213,799	\$ 263,562	7
<b>SUBTOTAL</b>	<b>\$ 1,338,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 861,448</b>	<b>\$ 213,799</b>	<b>\$ 263,562</b>	
<b>TRANSFERS</b>															
Closure Reserve	\$ 369,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,902	\$ 59,044	\$ 72,787	8
Heavy Equipment and Repair	\$ 559,783	\$ 10,457	\$ 3,036	\$ -	\$ 70,363	\$ -	\$ 13,402	\$ 4,334	\$ 344	\$ 7,668	\$ 5,335	\$ 286,378	\$ 70,962	\$ 87,504	9
Capital	\$ 36,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,486	\$ 5,829	\$ 7,186	10
<b>SUBTOTAL</b>	<b>\$ 966,015</b>	<b>\$ 10,457</b>	<b>\$ 3,036</b>	<b>\$ -</b>	<b>\$ 70,363</b>	<b>\$ -</b>	<b>\$ 13,402</b>	<b>\$ 4,334</b>	<b>\$ 344</b>	<b>\$ 7,668</b>	<b>\$ 5,335</b>	<b>\$ 547,766</b>	<b>\$ 135,835</b>	<b>\$ 167,477</b>	
<b>RESERVES</b>															
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,304,825</b>	<b>\$ 10,457</b>	<b>\$ 3,036</b>	<b>\$ -</b>	<b>\$ 70,363</b>	<b>\$ -</b>	<b>\$ 13,402</b>	<b>\$ 4,334</b>	<b>\$ 344</b>	<b>\$ 7,668</b>	<b>\$ 5,335</b>	<b>\$ 1,409,214</b>	<b>\$ 349,634</b>	<b>\$ 431,039</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 6,666,995</b>	<b>\$ 1,113,274</b>	<b>\$ 184,599</b>	<b>\$ 24,768</b>	<b>\$ 315,838</b>	<b>\$ 304,299</b>	<b>\$ 92,681</b>	<b>\$ 166,427</b>	<b>\$ 34,469</b>	<b>\$ 13,203</b>	<b>\$ 50,867</b>	<b>\$ 2,814,235</b>	<b>\$ 698,081</b>	<b>\$ 854,255</b>	
<b>REVENUE OFF-SETS</b>															
Intergovernmental	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11
Interest	\$ 200,000	\$ 39,997	\$ 11,666	\$ 1,250	\$ 13,107	\$ 14,576	\$ -	\$ 4,166	\$ -	\$ -	\$ -	\$ 74,149	\$ 18,403	\$ 22,686	10
Methane Gas Contract	\$ 6,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,096	\$ 1,016	\$ 1,253	12
All Other	\$ 7,500	\$ 1,500	\$ 437	\$ 47	\$ 492	\$ 547	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ 2,781	\$ 690	\$ 851	10
<b>SUBTOTAL</b>	<b>\$ 404,904</b>	<b>\$ 41,497</b>	<b>\$ 12,103</b>	<b>\$ 1,297</b>	<b>\$ 13,598</b>	<b>\$ 206,161</b>	<b>\$ -</b>	<b>\$ 4,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,025</b>	<b>\$ 20,109</b>	<b>\$ 24,790</b>	
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,262,091</b>	<b>\$ 1,071,777</b>	<b>\$ 172,496</b>	<b>\$ 23,471</b>	<b>\$ 302,240</b>	<b>\$ 98,138</b>	<b>\$ 92,681</b>	<b>\$ 162,104</b>	<b>\$ 34,469</b>	<b>\$ 13,203</b>	<b>\$ 50,867</b>	<b>\$ 2,733,210</b>	<b>\$ 677,972</b>	<b>\$ 829,465</b>	

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the total estimated liability at the end of each fiscal year.
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 7-C  
Page 3 of 5

**SCHEDULE 7-C: PRO FORMA FY 06**

<b>FY 06</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>	<b>NOTES</b>
<b>DEPARTMENTAL</b>														
Personnel Services	\$ 1,399,481	\$ 375,351	\$ 71,362	\$ 8,501	\$ 112,049	\$ 166,557	\$ 8,877	\$ 90,005	\$ 2,219	\$ 888	\$ 34,434	\$ 343,924	\$ 85,159	\$ 100,156 1
Employee Benefits	\$ 420,732	\$ 112,843	\$ 21,454	\$ 2,556	\$ 33,686	\$ 50,073	\$ 2,669	\$ 27,058	\$ 667	\$ 267	\$ 10,352	\$ 103,395	\$ 25,602	\$ 30,110 2
Supplies & Materials	\$ 116,563	\$ 19,058	\$ 3,701	\$ 397	\$ 2,122	\$ 4,748	\$ -	\$ 1,322	\$ -	\$ -	\$ -	\$ 54,831	\$ 13,608	\$ 16,776 3
Gas/Diesel Fuel	\$ 147,510	\$ 18,374	\$ 5,359	\$ 574	\$ 15,153	\$ 5,615	\$ -	\$ 1,914	\$ -	\$ -	\$ -	\$ 64,679	\$ 16,053	\$ 19,789 3
Internal Services Charges	\$ 26,196	\$ 6,960	\$ 2,030	\$ 217	\$ 1,015	\$ 4,021	\$ -	\$ 725	\$ -	\$ -	\$ -	\$ 7,225	\$ 1,793	\$ 2,211 3
Equipment Replacement/Additions	\$ 345,332	\$ 296,156	\$ 11,512	\$ 5,640	\$ 2,292	\$ 1,597	\$ -	\$ 17,137	\$ -	\$ -	\$ -	\$ 7,076	\$ 1,756	\$ 2,165 4
Rental & Leases	\$ 10,366	\$ -	\$ -	\$ -	\$ 8,679	\$ -	\$ -	\$ -	\$ -	\$ 337	\$ -	\$ 868	\$ 215	\$ 266 5
Utilities	\$ 61,553	\$ 4,439	\$ 1,295	\$ 139	\$ 2,229	\$ 1,564	\$ -	\$ 462	\$ -	\$ -	\$ -	\$ 33,090	\$ 8,212	\$ 10,124 3
Insurance	\$ 81,599	\$ 16,888	\$ 3,211	\$ 382	\$ 7,392	\$ 2,870	\$ 452	\$ 4,587	\$ 113	\$ 45	\$ 1,755	\$ 28,422	\$ 7,044	\$ 8,438 3
Buildings & Grounds Maintenance	\$ 234,760	\$ 509	\$ 149	\$ 16	\$ 1,061	\$ 16	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ 149,894	\$ 37,202	\$ 45,861 3
Contractual Services	\$ 809,641	\$ 106,364	\$ 13,523	\$ 1,449	\$ 15,908	\$ 19,351	\$ 68,979	\$ 4,830	\$ 31,836	\$ 4,457	\$ -	\$ 349,354	\$ 86,705	\$ 106,886 3
Training & Meetings	\$ 16,979	\$ 364	\$ 106	\$ 11	\$ 531	\$ 11	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ 10,242	\$ 2,542	\$ 3,134 3
Miscellaneous Expenses	\$ 12,310	\$ 364	\$ 106	\$ 11	\$ 637	\$ 542	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ 6,828	\$ 1,695	\$ 2,089 3
<b>SUBTOTAL</b>	<b>\$ 3,683,022</b>	<b>\$ 957,670</b>	<b>\$ 133,807</b>	<b>\$ 19,894</b>	<b>\$ 202,753</b>	<b>\$ 256,964</b>	<b>\$ 80,976</b>	<b>\$ 148,168</b>	<b>\$ 34,836</b>	<b>\$ 5,657</b>	<b>\$ 46,878</b>	<b>\$ 1,159,831</b>	<b>\$ 287,586</b>	<b>\$ 348,002</b>
<b>NON-DEPARTMENTAL</b>														
Health Insurance	\$ 71,185	\$ 14,236	\$ 4,152	\$ 445	\$ 4,665	\$ 5,188	\$ -	\$ 1,483	\$ -	\$ -	\$ 26,391	\$ 6,550	\$ 8,074	2
Audit	\$ 15,560	\$ 3,112	\$ 908	\$ 97	\$ 1,020	\$ 1,134	\$ -	\$ 324	\$ -	\$ -	\$ 5,769	\$ 1,432	\$ 1,765	3
Payment in Lieu of Taxes	\$ 621,070	\$ 124,205	\$ 36,227	\$ 3,881	\$ 40,702	\$ 45,263	\$ -	\$ 12,938	\$ -	\$ -	\$ 230,258	\$ 57,147	\$ 70,448	3
Banking Services	\$ 1,698	\$ 340	\$ 99	\$ 11	\$ 111	\$ 124	\$ -	\$ 35	\$ -	\$ -	\$ 629	\$ 156	\$ 193	3
Retail Handler's Fee	\$ 10,404	\$ 7,134	\$ 2,081	\$ 223	\$ -	\$ 223	\$ -	\$ 743	\$ -	\$ -	\$ -	\$ -	\$ -	3,13
Utility Billing System Transfer	\$ 34,127	\$ 23,401	\$ 6,825	\$ 731	\$ -	\$ 731	\$ -	\$ 2,438	\$ -	\$ -	\$ -	\$ -	\$ -	6,13
GIS Related	\$ 40,857	\$ 8,171	\$ 2,383	\$ 255	\$ 2,678	\$ 2,978	\$ -	\$ 851	\$ -	\$ -	\$ 15,147	\$ 3,759	\$ 4,634	3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
All Other	\$ 7,076	\$ 1,415	\$ 413	\$ 44	\$ 464	\$ 516	\$ -	\$ 147	\$ -	\$ -	\$ 2,623	\$ 651	\$ 803	3
<b>SUBTOTAL</b>	<b>\$ 801,976</b>	<b>\$ 182,014</b>	<b>\$ 53,087</b>	<b>\$ 5,688</b>	<b>\$ 49,639</b>	<b>\$ 56,156</b>	<b>\$ -</b>	<b>\$ 18,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 280,819</b>	<b>\$ 69,695</b>	<b>\$ 85,917</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,484,999</b>	<b>\$ 1,139,684</b>	<b>\$ 186,894</b>	<b>\$ 25,582</b>	<b>\$ 252,392</b>	<b>\$ 313,121</b>	<b>\$ 80,976</b>	<b>\$ 167,128</b>	<b>\$ 34,836</b>	<b>\$ 5,657</b>	<b>\$ 46,878</b>	<b>\$ 1,440,650</b>	<b>\$ 357,282</b>	<b>\$ 433,920</b>
<b>DEBT SERVICE</b>														
General Obligation Debt	\$ 1,289,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,782	\$ 205,940	\$ 253,874	7
<b>SUBTOTAL</b>	<b>\$ 1,289,596</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 829,782</b>	<b>\$ 205,940</b>	<b>\$ 253,874</b>	
<b>TRANSFERS</b>														
Closure Reserve	\$ 380,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,800	\$ 60,756	\$ 74,897	8
Heavy Equipment and Repair	\$ 587,772	\$ 10,979	\$ 3,187	\$ -	\$ 73,881	\$ -	\$ 14,072	\$ 4,551	\$ 361	\$ 8,051	\$ 5,602	\$ 300,697	\$ 74,510	\$ 91,880 9
Capital	\$ 36,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,486	\$ 5,829	\$ 7,186	10
<b>SUBTOTAL</b>	<b>\$ 1,004,726</b>	<b>\$ 10,979</b>	<b>\$ 3,187</b>	<b>\$ -</b>	<b>\$ 73,881</b>	<b>\$ -</b>	<b>\$ 14,072</b>	<b>\$ 4,551</b>	<b>\$ 361</b>	<b>\$ 8,051</b>	<b>\$ 5,602</b>	<b>\$ 568,983</b>	<b>\$ 141,095</b>	<b>\$ 173,962</b>
<b>RESERVES</b>														
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,294,321</b>	<b>\$ 10,979</b>	<b>\$ 3,187</b>	<b>\$ -</b>	<b>\$ 73,881</b>	<b>\$ -</b>	<b>\$ 14,072</b>	<b>\$ 4,551</b>	<b>\$ 361</b>	<b>\$ 8,051</b>	<b>\$ 5,602</b>	<b>\$ 1,398,765</b>	<b>\$ 347,035</b>	<b>\$ 427,836</b>
<b>TOTAL EXPENSES</b>	<b>\$ 6,779,320</b>	<b>\$ 1,150,664</b>	<b>\$ 190,082</b>	<b>\$ 25,582</b>	<b>\$ 326,273</b>	<b>\$ 313,121</b>	<b>\$ 95,049</b>	<b>\$ 171,679</b>	<b>\$ 35,197</b>	<b>\$ 13,708</b>	<b>\$ 52,479</b>	<b>\$ 2,839,415</b>	<b>\$ 704,317</b>	<b>\$ 861,756</b>
<b>REVENUE OFF-SETS</b>														
Intergovernmental	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11
Interest	\$ 200,000	\$ 39,997	\$ 11,666	\$ 1,250	\$ 13,107	\$ 14,576	\$ -	\$ 4,166	\$ -	\$ -	\$ -	\$ 74,149	\$ 18,403	\$ 22,686 10
Methane Gas Contract	\$ 6,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,218	\$ 1,047	\$ 1,291 12
All Other	\$ 7,500	\$ 1,500	\$ 437	\$ 47	\$ 492	\$ 547	\$ -	\$ 156	\$ -	\$ -	\$ 2,781	\$ 690	\$ 851	10
<b>SUBTOTAL</b>	<b>\$ 405,095</b>	<b>\$ 41,497</b>	<b>\$ 12,103</b>	<b>\$ 1,297</b>	<b>\$ 13,598</b>	<b>\$ 206,161</b>	<b>\$ -</b>	<b>\$ 4,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,148</b>	<b>\$ 20,140</b>	<b>\$ 24,827</b>	
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,374,225</b>	<b>\$ 1,109,167</b>	<b>\$ 177,979</b>	<b>\$ 24,285</b>	<b>\$ 312,675</b>	<b>\$ 106,959</b>	<b>\$ 95,049</b>	<b>\$ 167,356</b>	<b>\$ 35,197</b>	<b>\$ 13,708</b>	<b>\$ 52,479</b>	<b>\$ 2,758,267</b>	<b>\$ 684,177</b>	<b>\$ 836,928</b>

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the total estimated liability at the end of each fiscal year.
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 7-D  
Page 4 of 5

**SCHEDULE 7-D: PRO FORMA FY 07**

	FY 07	REFUSE	LITTER & DEBRIS	CITY PARKS	RECYCLING	BRUSH	WOOD PROCESSING	BULK/WHITE GOODS	HHW	TIRES	ADMIN	MSW DISPOSAL	SLUDGE DISPOSAL	INDUSTRIAL DISPOSAL	NOTES
DEPARTMENTAL															
Personnel Services	\$ 1,441,465	\$ 386,612	\$ 73,503	\$ 8,756	\$ 115,411	\$ 171,554	\$ 9,143	\$ 92,705	\$ 2,286	\$ 914	\$ 35,467	\$ 354,242	\$ 87,714	\$ 103,161	1
Employee Benefits	\$ 433,354	\$ 116,229	\$ 22,097	\$ 2,632	\$ 34,696	\$ 51,575	\$ 2,749	\$ 27,870	\$ 687	\$ 275	\$ 10,662	\$ 106,497	\$ 26,370	\$ 31,014	2
Supplies & Materials	\$ 118,894	\$ 19,439	\$ 3,776	\$ 405	\$ 2,165	\$ 4,842	\$ -	\$ 1,348	\$ -	\$ -	\$ -	\$ 55,928	\$ 13,880	\$ 17,111	3
Gas/Diesel Fuel	\$ 150,460	\$ 18,742	\$ 5,466	\$ 586	\$ 15,456	\$ 5,727	\$ -	\$ 1,952	\$ -	\$ -	\$ -	\$ 65,973	\$ 16,374	\$ 20,185	3
Internal Services Charges	\$ 26,720	\$ 7,099	\$ 2,070	\$ 222	\$ 1,035	\$ 4,101	\$ -	\$ 739	\$ -	\$ -	\$ -	\$ 7,369	\$ 1,829	\$ 2,255	3
Equipment Replacement/Additions	\$ 362,598	\$ 310,963	\$ 12,088	\$ 5,922	\$ 2,407	\$ 1,677	\$ -	\$ 17,994	\$ -	\$ -	\$ -	\$ 7,430	\$ 1,844	\$ 2,273	4
Rental & Leases	\$ 10,573	\$ -	\$ -	\$ -	\$ 8,853	\$ -	\$ -	\$ -	\$ -	\$ 344	\$ -	\$ 886	\$ 220	\$ 271	5
Utilities	\$ 62,784	\$ 4,528	\$ 1,321	\$ 141	\$ 2,273	\$ 1,595	\$ -	\$ 472	\$ -	\$ -	\$ -	\$ 33,752	\$ 8,377	\$ 10,326	3
Insurance	\$ 83,231	\$ 17,226	\$ 3,275	\$ 390	\$ 7,540	\$ 2,927	\$ 461	\$ 4,678	\$ 115	\$ 46	\$ 1,790	\$ 28,991	\$ 7,185	\$ 8,606	3
Buildings & Grounds Maintenance	\$ 239,456	\$ 520	\$ 152	\$ 16	\$ 1,082	\$ 16	\$ -	\$ 54	\$ -	\$ -	\$ -	\$ 152,892	\$ 37,946	\$ 46,778	3
Contractual Services	\$ 825,834	\$ 108,491	\$ 13,793	\$ 1,478	\$ 16,226	\$ 19,738	\$ 70,358	\$ 4,926	\$ 32,473	\$ 4,546	\$ -	\$ 356,341	\$ 88,439	\$ 109,023	3
Training & Meetings	\$ 17,319	\$ 371	\$ 108	\$ 12	\$ 541	\$ 12	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ 10,447	\$ 2,593	\$ 3,196	3
Miscellaneous Expenses	\$ 12,556	\$ 371	\$ 108	\$ 12	\$ 649	\$ 553	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ 6,965	\$ 1,729	\$ 2,131	3
SUBTOTAL	\$ 3,785,245	\$ 990,590	\$ 137,757	\$ 20,571	\$ 208,335	\$ 264,318	\$ 82,711	\$ 152,816	\$ 35,561	\$ 5,782	\$ 48,263	\$ 1,187,713	\$ 294,498	\$ 356,330	
NON-DEPARTMENTAL															
Health Insurance	\$ 81,862	\$ 16,371	\$ 4,775	\$ 512	\$ 5,365	\$ 5,966	\$ -	\$ 1,705	\$ -	\$ -	\$ -	\$ 30,350	\$ 7,532	\$ 9,286	2
Audit	\$ 15,872	\$ 3,174	\$ 926	\$ 99	\$ 1,040	\$ 1,157	\$ -	\$ 331	\$ -	\$ -	\$ -	\$ 5,884	\$ 1,460	\$ 1,800	3
Payment in Lieu of Taxes	\$ 633,491	\$ 126,690	\$ 36,951	\$ 3,959	\$ 41,516	\$ 46,168	\$ -	\$ 13,197	\$ -	\$ -	\$ -	\$ 234,864	\$ 58,290	\$ 71,857	3
Banking Services	\$ 1,732	\$ 346	\$ 101	\$ 11	\$ 113	\$ 126	\$ -	\$ 36	\$ -	\$ -	\$ -	\$ 642	\$ 159	\$ 196	3
Retail Handler's Fee	\$ 10,612	\$ 7,277	\$ 2,122	\$ 227	\$ -	\$ 227	\$ -	\$ 758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,13
Utility Billing System Transfer	\$ 34,809	\$ 23,869	\$ 6,962	\$ 746	\$ -	\$ 746	\$ -	\$ 2,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,13
GIS Related	\$ 41,674	\$ 8,334	\$ 2,431	\$ 260	\$ 2,731	\$ 3,037	\$ -	\$ 868	\$ -	\$ -	\$ -	\$ 15,450	\$ 3,835	\$ 4,727	3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
All Other	\$ 7,218	\$ 1,443	\$ 421	\$ 45	\$ 473	\$ 526	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ 2,676	\$ 664	\$ 819	3
SUBTOTAL	\$ 827,270	\$ 187,505	\$ 54,689	\$ 5,860	\$ 51,238	\$ 57,954	\$ -	\$ 19,532	\$ -	\$ -	\$ -	\$ 289,866	\$ 71,941	\$ 88,685	
TOTAL OPERATING EXPENSES	\$ 4,612,515	\$ 1,178,095	\$ 192,446	\$ 26,431	\$ 259,573	\$ 322,272	\$ 82,711	\$ 172,348	\$ 35,561	\$ 5,782	\$ 48,263	\$ 1,477,579	\$ 366,439	\$ 445,015	
DEBT SERVICE															
General Obligation Debt	\$ 1,506,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 969,140	\$ 240,527	\$ 296,511	7
SUBTOTAL	\$ 1,506,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 969,140	\$ 240,527	\$ 296,511	
TRANSFERS															
Closure Reserve	\$ 391,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,169	\$ 62,585	\$ 77,152	8
Heavy Equipment and Repair	\$ 617,161	\$ 11,528	\$ 3,347	\$ -	\$ 77,575	\$ -	\$ 14,776	\$ 4,778	\$ 379	\$ 8,454	\$ 5,882	\$ 315,732	\$ 78,236	\$ 96,474	9
Capital	\$ 36,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,486	\$ 5,829	\$ 7,186	10
SUBTOTAL	\$ 1,045,566	\$ 11,528	\$ 3,347	\$ -	\$ 77,575	\$ -	\$ 14,776	\$ 4,778	\$ 379	\$ 8,454	\$ 5,882	\$ 591,387	\$ 146,649	\$ 180,811	
RESERVES															
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING EXPENSES	\$ 2,551,744	\$ 11,528	\$ 3,347	\$ -	\$ 77,575	\$ -	\$ 14,776	\$ 4,778	\$ 379	\$ 8,454	\$ 5,882	\$ 1,560,527	\$ 387,176	\$ 477,322	
TOTAL EXPENSES	\$ 7,164,259	\$ 1,189,624	\$ 195,792	\$ 26,431	\$ 337,148	\$ 322,272	\$ 97,487	\$ 177,127	\$ 35,940	\$ 14,235	\$ 54,145	\$ 3,038,106	\$ 753,616	\$ 922,337	
REVENUE OFF-SETS															
Intergovernmental	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11
Interest	\$ 200,000	\$ 39,997	\$ 11,666	\$ 1,250	\$ 13,107	\$ 14,576	\$ -	\$ 4,166	\$ -	\$ -	\$ -	\$ 74,149	\$ 18,403	\$ 22,686	10
Methane Gas Contract	\$ 6,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,345	\$ 1,078	\$ 1,329	12
All Other	\$ 7,500	\$ 1,500	\$ 437	\$ 47	\$ 492	\$ 547	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ 2,781	\$ 690	\$ 851	10
SUBTOTAL	\$ 405,292	\$ 41,497	\$ 12,103	\$ 1,297	\$ 13,598	\$ 206,161	\$ -	\$ 4,323	\$ -	\$ -	\$ -	\$ 81,275	\$ 20,171	\$ 24,866	
TOTAL REVENUE REQUIREMENT	\$ 6,758,967	\$ 1,148,126	\$ 183,689	\$ 25,134	\$ 323,549	\$ 116,110	\$ 97,487	\$ 172,804	\$ 35,940	\$ 14,235	\$ 54,145	\$ 2,956,831	\$ 733,444	\$ 897,471	

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the total estimated liability at the end of each fiscal year.
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg  
Solid Waste Rate Analysis**

SCHEDULE 7-E  
Page 5 of 5

**SCHEDULE 7-E: PRO FORMA FY 08**

<b>FY 08</b>	<b>REFUSE</b>	<b>LITTER &amp; DEBRIS</b>	<b>CITY PARKS</b>	<b>RECYCLING</b>	<b>BRUSH</b>	<b>WOOD PROCESSING</b>	<b>BULK/WHITE GOODS</b>	<b>HHW</b>	<b>TIRES</b>	<b>ADMIN</b>	<b>MSW DISPOSAL</b>	<b>SLUDGE DISPOSAL</b>	<b>INDUSTRIAL DISPOSAL</b>	<b>NOTES</b>
<b>DEPARTMENTAL</b>														
Personnel Services	\$ 1,484,709	\$ 398,210	\$ 75,708	\$ 9,018	\$ 118,873	\$ 176,701	\$ 9,417	\$ 95,486	\$ 2,354	\$ 942	\$ 36,531	\$ 364,869	\$ 90,346	\$ 106,255 1
Employee Benefits	\$ 446,355	\$ 119,716	\$ 22,760	\$ 2,711	\$ 35,737	\$ 53,122	\$ 2,831	\$ 28,706	\$ 708	\$ 283	\$ 10,982	\$ 109,692	\$ 27,161	\$ 31,944 2
Supplies & Materials	\$ 121,272	\$ 19,828	\$ 3,851	\$ 413	\$ 2,208	\$ 4,939	\$ -	\$ 1,375	\$ -	\$ -	\$ -	\$ 57,046	\$ 14,158	\$ 17,453 3
Gas/Diesel Fuel	\$ 153,469	\$ 19,116	\$ 5,576	\$ 597	\$ 15,765	\$ 5,842	\$ -	\$ 1,991	\$ -	\$ -	\$ -	\$ 67,292	\$ 16,701	\$ 20,588 3
Internal Services Charges	\$ 27,254	\$ 7,241	\$ 2,112	\$ 226	\$ 1,056	\$ 4,183	\$ -	\$ 754	\$ -	\$ -	\$ -	\$ 7,517	\$ 1,866	\$ 2,300 3
Equipment Replacement/Additions	\$ 380,728	\$ 326,512	\$ 12,692	\$ 6,219	\$ 2,527	\$ 1,761	\$ -	\$ 18,894	\$ -	\$ -	\$ -	\$ 7,802	\$ 1,936	\$ 2,387 4
Rental & Leases	\$ 10,785	\$ -	\$ -	\$ -	\$ 9,030	\$ -	\$ -	\$ -	\$ -	\$ 351	\$ -	\$ 903	\$ 224	\$ 276 5
Utilities	\$ 64,040	\$ 4,618	\$ 1,347	\$ 144	\$ 2,319	\$ 1,627	\$ -	\$ 481	\$ -	\$ -	\$ -	\$ 34,427	\$ 8,544	\$ 10,533 3
Insurance	\$ 84,895	\$ 17,570	\$ 3,340	\$ 398	\$ 7,691	\$ 2,985	\$ 471	\$ 4,772	\$ 118	\$ 47	\$ 1,826	\$ 29,570	\$ 7,328	\$ 8,778 3
Buildings & Grounds Maintenance	\$ 244,245	\$ 530	\$ 155	\$ 17	\$ 1,104	\$ 17	\$ -	\$ 55	\$ -	\$ -	\$ -	\$ 155,950	\$ 38,705	\$ 47,713 3
Contractual Services	\$ 842,351	\$ 110,661	\$ 14,069	\$ 1,507	\$ 16,551	\$ 20,133	\$ 71,765	\$ 5,025	\$ 33,122	\$ 4,637	\$ -	\$ 363,468	\$ 90,208	\$ 111,204 3
Training & Meetings	\$ 17,665	\$ 379	\$ 110	\$ 12	\$ 552	\$ 12	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ 10,656	\$ 2,645	\$ 3,260 3
Miscellaneous Expenses	\$ 12,807	\$ 379	\$ 110	\$ 12	\$ 662	\$ 564	\$ -	\$ 39	\$ -	\$ -	\$ -	\$ 7,104	\$ 1,763	\$ 2,174 3
<b>SUBTOTAL</b>	<b>\$ 3,890,576</b>	<b>\$ 1,024,759</b>	<b>\$ 141,830</b>	<b>\$ 21,274</b>	<b>\$ 214,075</b>	<b>\$ 271,886</b>	<b>\$ 84,484</b>	<b>\$ 157,618</b>	<b>\$ 36,302</b>	<b>\$ 5,909</b>	<b>\$ 49,689</b>	<b>\$ 1,216,297</b>	<b>\$ 301,585</b>	<b>\$ 364,867</b>
<b>NON-DEPARTMENTAL</b>														
Health Insurance	\$ 94,142	\$ 18,827	\$ 5,491	\$ 588	\$ 6,170	\$ 6,861	\$ -	\$ 1,961	\$ -	\$ -	\$ -	\$ 34,903	\$ 8,662	\$ 10,679 2
Audit	\$ 16,189	\$ 3,238	\$ 944	\$ 101	\$ 1,061	\$ 1,180	\$ -	\$ 337	\$ -	\$ -	\$ -	\$ 6,002	\$ 1,490	\$ 1,836 3
Payment in Lieu of Taxes	\$ 646,161	\$ 129,223	\$ 37,690	\$ 4,038	\$ 42,346	\$ 47,092	\$ -	\$ 13,461	\$ -	\$ -	\$ -	\$ 239,561	\$ 59,456	\$ 73,294 3
Banking Services	\$ 1,767	\$ 353	\$ 103	\$ 11	\$ 116	\$ 129	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ 655	\$ 163	\$ 200 3
Retail Handler's Fee	\$ 10,824	\$ 7,422	\$ 2,165	\$ 232	\$ -	\$ 232	\$ -	\$ 773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 3,13
Utility Billing System Transfer	\$ 35,506	\$ 24,347	\$ 7,101	\$ 761	\$ -	\$ 761	\$ -	\$ 2,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 6,13
GIS Related	\$ 42,507	\$ 8,501	\$ 2,479	\$ 266	\$ 2,786	\$ 3,098	\$ -	\$ 886	\$ -	\$ -	\$ -	\$ 15,759	\$ 3,911	\$ 4,822 3
Accrued Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 3
All Other	\$ 7,362	\$ 1,472	\$ 429	\$ 46	\$ 482	\$ 537	\$ -	\$ 153	\$ -	\$ -	\$ -	\$ 2,729	\$ 677	\$ 835 3
<b>SUBTOTAL</b>	<b>\$ 854,457</b>	<b>\$ 193,384</b>	<b>\$ 56,404</b>	<b>\$ 6,043</b>	<b>\$ 52,960</b>	<b>\$ 59,889</b>	<b>\$ -</b>	<b>\$ 20,144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 299,609</b>	<b>\$ 74,359</b>	<b>\$ 91,666</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,745,033</b>	<b>\$ 1,218,143</b>	<b>\$ 198,234</b>	<b>\$ 27,318</b>	<b>\$ 267,035</b>	<b>\$ 331,774</b>	<b>\$ 84,484</b>	<b>\$ 177,762</b>	<b>\$ 36,302</b>	<b>\$ 5,909</b>	<b>\$ 49,689</b>	<b>\$ 1,515,906</b>	<b>\$ 375,943</b>	<b>\$ 456,533</b>
<b>DEBT SERVICE</b>														
General Obligation Debt	\$ 1,452,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 934,513	\$ 231,933	\$ 285,917 7
<b>SUBTOTAL</b>	<b>\$ 1,452,363</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 934,513</b>	<b>\$ 231,933</b>	<b>\$ 285,917</b>
<b>TRANSFERS</b>														
Closure Reserve	\$ 403,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,731	\$ 64,462	\$ 79,465 8
Heavy Equipment and Repair	\$ 648,019	\$ 12,105	\$ 3,514	\$ -	\$ 81,454	\$ -	\$ 15,515	\$ 5,017	\$ 398	\$ 8,876	\$ 6,176	\$ 331,519	\$ 82,148	\$ 101,297 9
Capital	\$ 36,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,486	\$ 5,829	\$ 7,186 10
<b>SUBTOTAL</b>	<b>\$ 1,088,177</b>	<b>\$ 12,105</b>	<b>\$ 3,514</b>	<b>\$ -</b>	<b>\$ 81,454</b>	<b>\$ -</b>	<b>\$ 15,515</b>	<b>\$ 5,017</b>	<b>\$ 398</b>	<b>\$ 8,876</b>	<b>\$ 6,176</b>	<b>\$ 614,736</b>	<b>\$ 152,438</b>	<b>\$ 187,948</b>
<b>RESERVES</b>														
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 10
Reserve Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 10
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 2,540,540</b>	<b>\$ 12,105</b>	<b>\$ 3,514</b>	<b>\$ -</b>	<b>\$ 81,454</b>	<b>\$ -</b>	<b>\$ 15,515</b>	<b>\$ 5,017</b>	<b>\$ 398</b>	<b>\$ 8,876</b>	<b>\$ 6,176</b>	<b>\$ 1,549,249</b>	<b>\$ 384,371</b>	<b>\$ 473,865</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,285,573</b>	<b>\$ 1,230,248</b>	<b>\$ 201,748</b>	<b>\$ 27,318</b>	<b>\$ 348,489</b>	<b>\$ 331,774</b>	<b>\$ 99,999</b>	<b>\$ 182,780</b>	<b>\$ 36,700</b>	<b>\$ 14,785</b>	<b>\$ 55,865</b>	<b>\$ 3,065,155</b>	<b>\$ 760,314</b>	<b>\$ 930,397</b>
<b>REVENUE OFF-SETS</b>														
Intergovernmental	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ 191,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 11
Interest	\$ 200,000	\$ 39,997	\$ 11,666	\$ 1,250	\$ 13,107	\$ 14,576	\$ -	\$ 4,166	\$ -	\$ -	\$ -	\$ 74,149	\$ 18,403	\$ 22,686 10
Methane Gas Contract	\$ 16,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,910	\$ 2,708	\$ 3,338 12
All Other	\$ 7,500	\$ 1,500	\$ 437	\$ 47	\$ 492	\$ 547	\$ -	\$ 156	\$ -	\$ -	\$ -	\$ 2,781	\$ 690	\$ 851 10
<b>SUBTOTAL</b>	<b>\$ 415,495</b>	<b>\$ 41,497</b>	<b>\$ 12,103</b>	<b>\$ 1,297</b>	<b>\$ 13,598</b>	<b>\$ 206,161</b>	<b>\$ -</b>	<b>\$ 4,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,840</b>	<b>\$ 21,801</b>	<b>\$ 26,875</b>
<b>TOTAL REVENUE REQUIREMENT</b>	<b>\$ 6,870,078</b>	<b>\$ 1,188,750</b>	<b>\$ 189,645</b>	<b>\$ 26,021</b>	<b>\$ 334,890</b>	<b>\$ 125,613</b>	<b>\$ 99,999</b>	<b>\$ 178,457</b>	<b>\$ 36,700</b>	<b>\$ 14,785</b>	<b>\$ 55,865</b>	<b>\$ 2,977,315</b>	<b>\$ 738,514</b>	<b>\$ 903,523</b>

**NOTES**

- (1) Includes a 4% inflation rate.
- (2) Includes a 15% inflation rate.
- (3) Includes a 2% inflation rate.
- (4) Includes a 5% inflation rate. This line item contains fleet replacement costs for refuse operations.
- (5) Includes a 2% inflation rate. FY 02-03 includes a final \$50,260 lease payment for Recycling. Annual payments of \$29,280 for principle and interest for lease-purchase of refuse vehicles is included in FY 2002-03 and Pro Forma cost projections.
- (6) Includes a 2% inflation rate.
- (7) Per Waste Management Division's debt service schedule.
- (8) Per Waste Management Division's landfill closure schedule, which assumes a 3% inflation rate on the total estimated liability at the end of each fiscal year.
- (9) Includes a 5% inflation rate. Per Waste Management Division's landfill equipment leases and reserves schedule.
- (10) Per City Staff.
- (11) State funds transferred for reimbursement of brush collection costs.
- (12) Per methane gas contract.
- (13) Adjustments are based on efficiencies that would be achieved with a transition to a residential user fee billed on the City's water and sewer bill. Adjustments are per City staff.

**City of Lynchburg**  
**Solid Waste Rate Analysis**

**SCHEDULE 8: RESIDENTIAL RATES**

<b>FY 03</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,419,370
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 10.90

<b>FY 04</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,400,021
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 10.81

<b>FY 05</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,458,265
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 11.07

<b>FY 06</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,533,055
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 11.41

<b>FY 07</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,646,759
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 11.92

<b>FY 08</b>	<b>RESIDENTIAL</b>
Cost of Service	\$ 2,726,422
Billing Units (Customers)	18,500
Monthly Cost per Customer	\$ 12.28



**City of Lynchburg  
Solid Waste Rate Analysis**

**SCHEDULE 9: DISPOSAL COSTS**

<b>FY 03</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	32.26
Sludge Disposal (per ton cost)	\$	31.23
Industrial Disposal (per ton cost)	\$	31.00
Tire Surcharge (per ton cost)	\$	112.30
Tire Surcharge (per tire cost)	\$	1.54

<b>FY 04</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	32.22
Sludge Disposal (per ton cost)	\$	31.17
Industrial Disposal (per ton cost)	\$	30.94
Tire Surcharge (per ton cost)	\$	116.55
Tire Surcharge (per tire cost)	\$	1.60

<b>FY 05</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	32.57
Sludge Disposal (per ton cost)	\$	31.50
Industrial Disposal (per ton cost)	\$	31.26
Tire Surcharge (per ton cost)	\$	121.01
Tire Surcharge (per tire cost)	\$	1.66

<b>FY 06</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	32.89
Sludge Disposal (per ton cost)	\$	31.79
Industrial Disposal (per ton cost)	\$	31.54
Tire Surcharge (per ton cost)	\$	125.65
Tire Surcharge (per tire cost)	\$	1.73

<b>FY 07</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	35.20
Sludge Disposal (per ton cost)	\$	34.07
Industrial Disposal (per ton cost)	\$	33.82
Tire Surcharge (per ton cost)	\$	130.45
Tire Surcharge (per tire cost)	\$	1.79

<b>FY 08</b>	<b>COST OF SERVICE</b>	
MSW Disposal (per ton cost)	\$	35.47
Sludge Disposal (per ton cost)	\$	34.31
Industrial Disposal (per ton cost)	\$	34.05
Tire Surcharge (per ton cost)	\$	135.51
Tire Surcharge (per tire cost)	\$	1.86

## **Appendix B**

**Information from the City of Newport News, Virginia**

**Regarding their Process to Collect Delinquent  
Residential Solid Waste Fees**



# CITY OF NEWPORT NEWS

Office of the City Attorney

2400 Washington Avenue  
Newport News, Virginia 23607

JANUARY 10, 2002

RECEIVED

JAN 31 2002

BY: \_\_\_\_\_

WILLIAMS, CALVIN  
101 JEFFERSON POINT LN  
NEWPORT NEWS, VA 23602

ACCOUNT NUMBER: 0008835

MAKE CHECKS PAYABLE TO AND RETURN TO:

DEPARTMENT OF PUBLIC WORKS  
SOLID WASTE DIVISION  
513 OYSTER POINT ROAD  
NEWPORT NEWS, VA 23602

RE: CITY OF NEWPORT NEWS V. WILLIAMS, CALVIN

DEAR: WILLIAMS, CALVIN

THIS IS TO ADVISE YOU THAT OUR RECORDS REFLECT THAT YOU OWE THE CITY OF NEWPORT NEWS THE AMOUNT OF 86.11 DOLLARS AS PAYMENT FOR THE SOLID WASTE USER FEE FOR SERVICES PROVIDED THROUGH 09/07/2001. THE BALANCE NOW DUE IS \$ 86.11.

IF THE FULL AMOUNT IS NOT PAID WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, A COLLECTION FEE OF \$ 50.00 WILL BE APPLIED TO YOUR ACCOUNT AS REQUIRED BY SECTION 19-14 (F) OF THE CITY OF NEWPORT NEWS CODE, AND THE CITY OF NEWPORT NEWS WILL BE FORCED TO TAKE FURTHER ACTION TO ENSURE RECOVERY OF THE AMOUNT DUE, WHICH MAY RESULT IN ADDITIONAL CHARGES.

PLEASE FORWARD THE BALANCE DUE OF \$ 86.11 BY CERTIFIED CHECK OR MONEY ORDER TO THE NEWPORT NEWS DEPARTMENT OF PUBLIC WORKS SO THAT LEGAL OR OTHER APPROPRIATE ACTION WILL NOT BE NECESSARY. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE SOLID WASTE DIVISION OFFICE AT (757) 269-2850.

SINCERELY,

ARTHUR G. LAMBIOTTE  
ASSISTANT CITY ATTORNEY  
(757) 926-8416

The City of Newport News will send this letter to customers when their account is delinquent.

12/20/2001

VIRGINIA: IN THE GENERAL DISTRICT COURT, CIVIL DIVISION,  
FOR THE CITY OF NEWPORT NEWS

CITY OF NEWPORT NEWS, A  
MUNICIPAL CORPORATION,

PLAINTIFF, |

NOTICE

V. |

LAWRENCE, ALVINITA L |

MOTION FOR JUDGMENT

711 SHADWELL CT |

8-H |

NEWPORT NEWS |

, VA 23601-1524 |

SS#: 151587396 |

DEFENDANT. |

TAKE NOTICE THAT ON 02 / 07 / 2002 AT 10:00 A.M. OR SOON THEREAFTER AS THE MATTER MAY BE HEARD, THE UNDERSIGNED WILL MOVE THE AFORESAID COURT AT THE COURTROOM THEREOF AT 2500 WASHINGTON AVENUE, NEWPORT NEWS, VIRGINIA, FOR JUDGMENT AGAINST YOU IN THE SUM OF \$ 192.82 UNTIL PAID, PLUS A SOLID WASTE USER FEE SERVICE CHARGE REQUIRED IN THE AMOUNT OF \$ 64.27 TO BE PAID, TOGETHER WITH INTEREST AND COSTS INCIDENT TO THIS PROCESSING REQUIRED BY SECTION 19-14 (F) OF THE NEWPORT NEWS CITY CODE, ALL OF WHICH ARE JUSTLY DUE BY YOU TO THE UNDERSIGNED FOR DELINQUENT SOLID WASTE USER FEES, AS A RESULT OF REFUSE DISPOSAL/RECYCLING SERVICES PROVIDED BY THE DEPARTMENT OF PUBLIC WORKS.

WHEREFORE, PLAINTIFF MOVES THIS COURT FOR JUDGMENT AGAINST THE DEFENDANT, LAWRENCE, ALVINITA L IN THE AMOUNT OF \$ 257.09 TOGETHER WITH INTEREST AND COSTS OF THIS ACTION.

I HEREBY CERTIFY THAT A TRUE COPY OF THE FOREGOING NOTICE OF MOTION FOR JUDGMENT WAS MAILED TO THE DEFENDANT.

CITY OF NEWPORT NEWS

BY

ARTHUR G. LAMBIOTTE  
SENIOR ASSISTANT CITY ATTORNEY  
2400 WASHINGTON AVENUE  
NEWPORT NEWS, VIRGINIA 23607  
PHONE: (757) 926-8416



If a customer does not pay the balance owed to the City of Newport News after receiving a letter from the City, this motion will be filed in General District Court against the delinquent customer. Copies of this motion are sent to the customer and to the General District Court.

UNITED STATES POSTAL SERVICE  
POSTMASTER

NEWPORT NEWS, VA 23601

DATE: 11/01/2001

REQUEST FOR CHANGE OF ADDRESS OR BOXHOLDER INFORMATION  
NEEDED FOR SERVICE OF LEGAL PROCESS

Please furnish the new address or the name and street address (if a boxholder) for the following:

Name: HOLLAND, MICHAEL M

Address: 11 BALLARD ROAD NEWPORT NEWS VA 23601-2052

NOTE: The name and last known address are required for change of address information. The name, if known, and post office box address are required for boxholder information.

The following information is provided in accordance with 39 CFR 265.6(d)(4)(ii). There is no fee for providing boxholder information. The fee for providing change of address information is waived in accordance with 39 CFR 265.6(d)(1) and corresponding Administrative Support Manual 352.44a.

1. Capacity of requestor (e.g., process server, attorney, party representing self): Attorney
2. Statute or regulation that empowers me to serve process (not required when requestor is an attorney or a party acting pro se - except a corporation acting pro se must cite statute): \_\_\_\_\_
3. The names of all known parties to the litigation: City of Newport News v. HOLLAND, MICHAEL M
4. The court in which the case has been or will be heard: General District Court, Civil Division, for the City of Newport News.
5. The docket or other identifying number if one has been issued: To be filed.
6. The capacity in which this individual is to be served (e.g., defendant or witness): Defendant.

WARNING:

THE SUBMISSION OF FALSE INFORMATION EITHER (1) TO OBTAIN AND USE CHANGE OF ADDRESS INFORMATION OR BOXHOLDER INFORMATION FOR ANY PURPOSE OTHER THAN THE SERVICE OF LEGAL PROCESS IN CONNECTION WITH ACTUAL OR PROSPECTIVE LITIGATION OR (2) TO AVOID PAYMENT OF THE FEE FOR CHANGE OF ADDRESS INFORMATION COULD RESULT IN CRIMINAL PENALTIES INCLUDING A FINE OF UP TO \$10,000 OR IMPRISONMENT OF NOT MORE THAN 5 YEARS, OR BOTH (TITLE 18 U.S.C. SECTION 1001).

I certify that the above information is true and that the address information is needed and will be used solely for service of legal process in conjunction with actual or prospective litigation.

Arthur G. Lombardo, Senior Assistant City Attorney

2400 Washington Avenue, 9th Floor  
Newport News, VA 23607  
757 (926-8416)

FOR POST OFFICE USE ONLY

- ☐ No Change of address order on file
- ☐ Moved, left no forwarding address
- ☐ No such address

NEW ADDRESS OR BOXHOLDER'S POSTMARK  
NAME AND STREET ADDRESS



In cases where a delinquent letter or a motion is returned to the City from the Post Office, the City sends this notice to the Post Office. The purpose of this letter is to request that the Post Office notify the City of cases when the delinquent customer obtains a new address.

## **Change to a Solid Waste User Fee Frequently Asked Questions and Answers**

### **How have residents paid for solid waste services in the past?**

The City of Lynchburg has sold annual decals and weekly tags to residents to pay for a portion of the cost of providing residential solid waste services. Remaining costs for funding residential solid waste services came from the City's General Fund.

### **How will residents now pay for solid waste services?**

The charge for residential solid waste collection services will be added to the City's Utility bill, which has been used to bill residents for water and sewer service.

### **Why is this being changed?**

A number of problems have been attributed to the decal/tag system for funding solid waste services. Some of the most common problems have included the following:

- While the City requires residential customers to purchase tags or decals, the Waste Management Division collects all solid waste setout by residents, regardless of whether they have a decal or tag. This results in inequities as some City residents are subsidizing others who do not purchase decals or tags.
- Some residents avoid purchasing decals or tags by taking their solid waste directly to the City's landfill. Once again, residents who purchase the tags and decals are subsidizing these residents.
- A significant amount of illegal dumping has occurred in the City. Based on discussions with City staff and RS&Y's industry experience, there is a strong likelihood that a considerable amount of this dumping has occurred due to the current decal/tag system. These residents are dumping their solid waste illegally in order to avoid having to purchase decals or tags. As a part of this solid waste rate analysis, RS&Y determined that the Waste Management Division spends approximately \$172,443 per year cleaning up litter and illegal dumping.
- The transfer to the Waste Management Division from the General Fund is regarded as a subsidy by credit rating firms (e.g. Standard and Poors or Moody's). Continuing to rely on the General Fund to supplement solid waste operations could have a negative impact on the City's credit rating.

### **What are the advantages of converting to a user fee?**

- Costs for providing residential solid waste services would be recovered in a more equitable manner as all residential customers would be required to pay for services.

- Because all residents would be required to pay for solid waste services, residents would not have an incentive to illegally dump their solid waste. This would improve aesthetics in the City and reduce the Waste Management Division's need to allocate resources to clean up litter and illegal dumping. For example, in the survey completed for this study, the cities of Danville and Hampton reported having minimal illegal dumping in their cities, and attributed much of this to having a user fee.
- Costs for administering a billing system for a user fee should be less expensive than the current system of selling decals and tags.
- Relying on a user fee would eliminate the need for collection crews and supervisors to check whether setouts have a decal or tag. In addition, residents would not be required to purchase decals or tags.

**Does this mean that property taxes will decrease since these funds will not be needed for solid waste services?**

The change to a user fee will make the Solid Waste Division self-supporting. As a result, the City will not need to provide monies from the General Fund to the Solid Waste Division for residential solid waste services. In FY 2002-03, the City is projecting a budget shortfall. Funds that will not need to go from the General Fund to the Solid Waste Division will be used to offset the projected shortfall.

**Will this change how solid waste services are provided to residents?**

No, residents will continue to receive the same services that the Solid Waste Division has provided to City residents.

**What will occur if a residents does not pay for the solid waste portion of a utility bill?**

The City will be able to suspend providing solid waste as well as water and water services if a resident does not pay his entire utility bill.